

MAY 1 - 1936

Current HISTORY



May, 1936

Price 25 Cents

MY FATHER, TAKAHASHI

By Riichi Takahashi

OIL IN THE WHEELS OF EMPIRE

By Leonard M. Fanning

WHAT'S LEFT OF CHINA T. O. Thackrey
MORTGAGEE, MORTGAGOR Leon M. Siler
MEET THE ETHIOPIANS H. R. Ekins
CRAFT VS. INDUSTRIAL UNION Arthur E. Suffern
SPAIN IN UPHEAVAL Lester Ziffren

"Log of Major Currents"
a review of one month's history
—On the Margin of History—
Cartoons — Other Articles

PUBLISHED BY CURRENT HISTORY, INCORPORATED

DID YOU EVER WAKE UP COUNTING SHEEP?



THE RED RIVER VALLEY of the North did—up in Minnesota. One morning last fall the residents of that valley woke up to see the highway blocked with thousands upon thousands of lambs. It looked like a tidal wave of "woolies."

The lambs were coming in to be fattened for market. When you start to fatten lambs in the Red River Valley, that's *news*! Because, not long ago, parts of that Valley were slim pickings for a lamb. They had grown too much wheat up there. Wheat had played out. The soil became weed-choked. Farmers were up against it—too many eggs in one basket. Diversification was necessary.

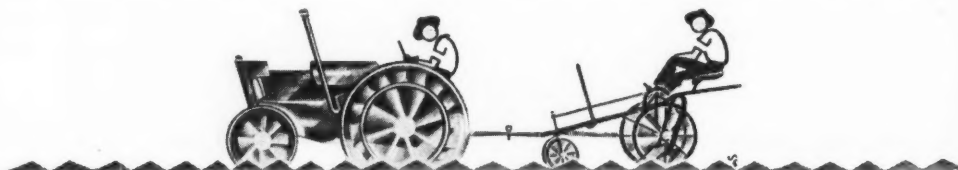
Farmers started growing sugar beets. A sugar factory was built at East Grand Forks. The beet system of crop rotation "brought back" the depleted soil. Today the Red River Valley is prosperous, an example of efficient farming—one of a hundred wide-awake

American communities producing annually the sugar supply of 30,000,000 people.

Then beet pulp ... and beet leaves! There isn't a finer basic ration for fattening sheep or cattle ... with animal waste products restoring fertility to the soil. An ideal farm cycle! And so one morning last fall H. F. Patterson of Billings, Montana, brought the advance trainload of shipments totaling 90,000 lambs into the Red River Valley to fatten them on beet pulp, both in Minnesota and just across the line in North Dakota. Mr. Patterson is pointing the way to another source of agricultural income for Minnesota.

Credit the sugar-beet acre with more than 3,000 pounds of sugar—and at least 300 pounds of meat as a by-product. And better yields of other crops!

Keep your eye on Red River Valley. For sugar! For meat! For good farming that remembers the damage done by too much wheat!



One of a series of advertisements to promote the sale of beet sugar and to remind—



—America of the resourcefulness, efficiency and necessity of the beet sugar industry

UNITED STATES BEET SUGAR ASSOCIATION

GOLDEN CYCLE BUILDING

COLORADO SPRINGS, COLORADO

NEXT MONTH
IN

Current HISTORY

JUNE

1936

POLITICS: The bizarre parade of pressure parties, ideas, and agitators on the march to America's strangest November. By Wallace S. Sayre. **INDIA:** A man who lived among them describes the lot of the untouchables. By Gordon B. Halstead. **ECONOMICS:** Nearly two million people challenge our profit system in the sober advance of "consumer cooperatives." By Ruth Brindze. **AFRICA:** How the white man got his colonies and what he has done with them. By H. R. Ekins. **OTHER ARTICLES** to bring the world into sharp, clear focus. For information, read Current History, the monthly magazine of fact.

*Send in your
subscription →
One year, \$3*

CURRENT HISTORY

63 Park Row,
New York, N. Y.

Gentlemen:

I enclose money order ☐, check ☐, for \$3.00 (three dollars). Please enter my subscription for one year.

NAME

ADDRESS chMay

Current HISTORY

For May

M. E. TRACY
Publisher

LEONARD M. LEONARD
Assistant to the Publisher

JOHN C. CASMAN
General Manager

SPECIAL ARTICLES

My Father, Takahashi <i>By Riichi Takahashi</i>	33
Mortgagee, Mortgagor <i>By Leon M. Siler</i>	43
What's Left of China <i>By T. O. Thackrey</i>	49
Oil in the Wheels of Empire <i>By Leonard M. Fanning</i>	61
Meet the Ethiopians <i>By H. R. Ekins</i>	71
Taxes: English, French, American <i>By Edward C. McDowell, Jr.</i>	79
Spain in Upheaval <i>By Lester Ziffren</i>	89
Craft vs. Industrial Union <i>By Arthur E. Suffern</i>	97
Japanese Enigma <i>By Charles Hodges</i>	105

REGULAR FEATURES

The World in Books.....	3
Log of Major Currents	
At Home	9
Europe	20
Africa	25
Far East	26
Latin America	26
Chronology	112
The Realm of Science.....	117
Marginal History	119
Speaking of Travel.....	122

Current History. Volume XLIV. No. 2, May. Published Monthly by Current History, Incorporated, at 63 Park Row, New York, N. Y. 25c a copy, \$3 a year; Canada, \$3.75; Foreign, \$4.25. Entered as second-class matter September 28, 1935, at the postoffice at New York, N. Y., Under the Act of March 3, 1879. Entered in Canada as second-class matter. Copyright, 1936, by Current History, Inc. Printed in U. S. A.

Current HISTORY

MAY 1936

LOG of MAJOR CURRENTS

At Home

SPRING opened with disasters in the United States. Mid-March brought floods into the Northeast, while early April loosed a terrific windstorm in the South.

Twice within three weeks crime, politics and international affairs were swept from the front page. The inside of all great dailies grew black with pictures portraying scenes of misfortune and distress—streetcars standing in several feet of water, with only their tops visible; merchants sitting in rowboats outside their flooded shops; muddy waves lapping against the lintels of plate-glass windows, and guests being rowed across a hotel lobby in order to check out at the desk.

A dozen cities were plunged into darkness as power plants were flooded. Public service came to a halt and pilage mixed with panic. Troops were called out and the Coast Guard was summoned inland for the first time since its establishment in 1790. Thousands of people found themselves destitute as their homes or business establishments succumbed to the rising waters.

FLOOD: There were three main areas of destruction in the United States—the Ohio River Valley, New England, and the Potomac River Valley. Of these three, the Ohio River Valley from Pittsburgh to Cincinnati—a 400-mile stretch—suffered most, with the greatest loss of life and property occurring in the Pittsburgh area, where the Monongahela and Allegheny Rivers unite to form the Ohio. The Conemaugh, a tributary of the Allegheny, flows past the town of Johnstown, Pa., the scene of the dam-burst in 1889 which killed 2,209 people.

An estimate by the Associated Press placed the dead in all sections at 171; the property loss at \$507,600,000, and the destitute or homeless at 429,500.



NEGLECT OF FLOOD CONTROL: The flood and its consequences focused national attention on the causes of floods and their control. The receding waters found the various forces in Congress intent on locking the stable after the horse had gone, and recrimination, opinion, reproach and general unclassified rhetoric were exchanged freely by all concerned. Out of all this came several things.

The damage caused by the 1936

March floods was relatively less than that caused by the great floods of twenty-three and forty-seven years ago. This was true because of the several flood control projects which have been built in recent years—dams, reservoirs, and other works. While these helped considerably, there was still an immense loss sustained which might have been averted if the country had a proper flood control system.

The outstanding example of this type of flood control is that which operates so successfully in the Miami Conservancy District in Ohio. On the Miami River, above Dayton, Ohio, there are five great retarding basins, built between 1918 and 1922 at a cost of \$32,000,000. They are controlled by five great dams which vary from 1,200 to 6,400 feet in length, and from 75 to 125 feet in height. These basins are designed to take care of a volume of water 40 percent in excess of the flow that caused the disastrous flood in 1913 in Dayton, and 20 percent in excess of any flood stage that would be possible in the Miami Basin. As a result of this project, the several floods that have approached the 1913 flood in volume since that date have been kept under control, and the industrial cities of the lower Miami Valley have not suffered.

Soil Conditioning

Another effective method of checking floods is by conditioning soil and controlling the vegetable cover, so that water produced by rainfall or melting snow will be absorbed and its rapid run-off checked. H. H. Bennett, Chief of the Soil Conservation Service of the Department of Agriculture, maintains that the March flood was worse than any previous flood caused by a coincidence of rainfall and unseasonable weather because of the present soil conditions. Hundreds of thousands of acres in the area from Vermont to the

Carolinas, and from the Jersey mountains west to the flatlands of central Ohio, have been denuded of natural forests and meadows, and placed under cultivation. Hillsides and steeply sloping lands have been laid bare by the plow without regard to contouring. Gullies have been allowed to form and grow, with thousands of acres rendered useless for agriculture or grazing.

Water Supply

A serious consequence of floods is their effect on the water supply, that is to say, the water table—the reserve of water held in the subsoil. This not only feeds the streams during the dry seasons, but is the source of well and artesian water. The exact relationship is not known, but it is patent that in such a large flood a great deal of water runs off the surface and into the sea without having the opportunity to sink into the subsoil. An adequate reserve of ground water is, of course, essential.

Another danger to the water supply in times of flood is the imminence of disease. This is especially true where flood waters cover ground occupied by garbage dumps, outdoor toilets, and other sources of disease. In many of the areas that were flooded in March a great deal of work was done in distributing and administering serums for typhoid and meningitis. One of the most noteworthy aspects of the entire flood relief was the work of the health departments in several sections. In no place did any serious epidemic gain a foothold, although conditions in many places were favorable.

Remedial Measures

On March 21 the President allocated an additional \$25,000,000, to be used in the flooded areas. This brought the total amount allocated by the President from funds at his disposal up to \$43,411,633. The WPA mobilized 250,000

men from various projects and from relief and set them to work helping cities and localities clear up the streets and reestablish public services.

Congress went into action on flood control legislation, and other legislative matters were pushed aside for a period. Hardly had the waters begun to recede when several bills, some old and some new, came up for discussion. On March 24 a resolution was introduced in the House calling for a joint Congressional investigation to determine what additional Federal aid was necessary, and to map a long-range program to prevent damage by floods in the future.

On the same date, the Senate Commerce Committee shaped a \$305,000,000 bill which included the construction of reservoirs, dams and levees, in the recently flooded eastern States. It was described at the Capitol as being a move to take "flood control projects out of the 'pork barrel' class." This bill was based upon the recommendations of the Army Board of Engineers.

Another bill came before the Senate to authorize projects on the lower Mississippi River. This bill, introduced by Senator Overton, Louisiana Democrat, called for an expenditure of \$272,000,000. The Copeland Bill is a revised version of a measure passed by the House last session. As approved by the House it would authorize projects costing \$370,000,000.

Critics' Field Day

The discussions brought considerable recrimination from anti-New Deal camps, and much comment from everyone concerned. Senator Guffey lined up the legislators from the stricken States for action, and became the butt of much criticism directed at the New Deal. Senator Wagner of New York, in an impassioned article written for the North American Newspaper Alli-

ance, said nothing new, but he did succeed in endowing floods with a lack of social consciousness. "They are no respecters of States' rights," he said, "nor do they consider the 'capacity to pay' of the man whose house or factory they invade."

Others were opposed to the Government taking action in the matter until sufficient study could be devoted to the problem of insuring the country against repetitions of such disastrous consequences of floods. In its December 1934 report, the National Resources Committee reported that any practical program of comprehensive reservoir control could be undertaken only by the Federal Government. A member of the committee, Thorndike Saville, Assistant Dean of Engineering at New York University, said that "from forty to fifty percent of the general damage, and a greater percent of the concentrated damage from floods, could be prevented as part of a comprehensive drainage basin watershed development." He added: "As a result of the recent floods much hasty legislation and inadequate control projects will be advocated. Great floods are of rare occurrence, and there is no need for undue haste in control programs."



TORNADO: Many extraordinary things have happened to the country this year—dust storms in the West, floods in the East, and one of the bitterest winters in recent years. The South had been spared in all of this, and seemed justified in congratulating itself. In the first week of April, however, its luck broke. Coming suddenly out of the blue, "with the roar of a thousand locomotives," a tornado—a high, twisting funnel of wind—swept a path of destruction hundreds of miles long through half a dozen States. In its path lay 421 dead.

Cold and warm winds met high in

the air, and, following physical laws, developed a wind funnel. This funnel, rotating on its vertical axis at perhaps 500 miles an hour, spun down to earth. At its core there existed a vacuum. It was this vacuum that literally caused buildings to explode, and furniture and other objects to leap suddenly through space. When the vacuum surrounded a house, all the air in the house tried immediately to rush out and fill the vacuum.

In an average year there are about a hundred tornadoes recorded throughout the country. These are generally small and of short duration, and the annual death toll in their wake is 300. But this tornado was unique. It killed 421 persons and ran an unusually long course before it played out. The usual tornado is effective for about one hour. While the funnel of air spins at 500 miles an hour, its progress over the land is only about 30 miles an hour, and its path very narrow. It is possible for an automobile to outspeed the funnel.

Toll of Death

The destruction was as terrible as it was sudden. Mississippi reported 211 dead; Georgia, 185; Tennessee, 12; Alabama, 11; and Arkansas and South Carolina, one each. All of Mississippi's dead were from one town—one building, in fact—the town of Tupelo. Gainesville, Georgia, reported 185 deaths. The winds were accompanied in many places by torrential rains which flooded local streams and rivers and towns. Fires broke out, adding to the destruction and confusion, and fire fighters were impeded by debris and lack of water. Disease raised its head. The National Guard was summoned in some sections.

President Roosevelt immediately allocated \$2,500,000 for reconstruction, and the Red Cross, which had asked for three millions at the time of the

March floods, raised its demands to six millions to take care of this added task.

WASHINGTON

Among the numerous problems engaging the Administration's attention recently, four are of first magnitude: taxes, relief and recovery, Congressional investigations, and the coming national elections. These four matters loom as interdependent factors in the success of the Administration at the polls next November. As the elections draw nearer, all members of the Government—and especially the members of Congress—are becoming constituent-conscious, and this has tended to complicate and delay much necessary legislation which normally would be handled with sureness and despatch.

TAXES: It is the job of the President each year to tell Congress how much money will be needed to run the Government for the ensuing year and to recommend means for raising it.

This year President Roosevelt planned to clear up the tax proposals and legislation in short order and let Congress go home early—by the first of April if possible. The idea appealed to Congress, since it promised an early start on political fence-building and repairing.

The President's tax suggestions and demands, however, delivered to Congress on March 3, dimmed the happy outlook. His proposals were not only drastic but fell in some awkward places. No great increase of taxes is to be taken lightly or voted without due consideration, especially in the face of an election.

Some of the measures fell short of political expediency, and New Deal legislators spent most of March with one ear to the ground and another to Capitol Hill. The situation resolved itself into a political tightrope act, and

members of both Houses tread cautiously, holding hearings and conferences, and saying as little as possible.

Republicans and other anti-New Dealers adopted a policy of watchful waiting, reserving their big guns until the new taxes should become an accomplished fact. Meanwhile, industry and capital stiffened against the almost inevitable, unfavorable (to them) tax legislation. Congressional leaders realized, however, that the consolidated opposition of these and other groups would preclude any possibility of a speedy passage of the bill, and advised the President accordingly. The adjournment date was then pushed ahead to late April or early May.

Scope of Taxes

The taxes suggested by the President on March 3 took into account the loss of revenue occasioned by the Supreme Court's AAA decision, and the need for additional taxes for the soldiers' bonus, an unwelcome and unexpected item in the budget. Congress was thus left with the task of providing new permanent taxes which would yield a net additional yearly revenue of \$620,000,000. In addition to this, two "temporary" tax levies were suggested which would produce \$517,000,000 over the period of their operation. These were a tax on the "windfall income" received by processors from the non-payment or return of the outlawed AAA processing taxes, and an excise on the processing of certain agricultural products, to be spread over a period of two or three years. It was proposed that the present corporate income tax and the excess profits tax be repealed, and in their place a new income tax enacted which would yield \$1,614,000,000 annually. The present corporate taxes suggested for repeal bring in about \$994,000,000 revenue.

It would appear from this that the

total of new permanent taxes and temporary taxes will require additional levies amounting to approximately \$786,000,000 annually for the next three years.

The size of these proposed taxes came as something of a surprise to a great many people. Until now most of the Government's revenues have come from indirect, and, as far as the average man is concerned, invisible taxes. But now these sources have been practically exhausted. With more revenue needed, the Government finally had to turn to direct taxation.

The brunt of the new corporate taxes, as proposed, would fall on undivided profits. Estimates show that this impost would approximate 33½ percent. This aroused industry and finance to immediate protest. Nor were the processors happy over the proposed "windfall" taxes which would attempt to rescue the money ordered returned to them by the Supreme Court. Another matter which worried tax bill framers was the status of banks, sav-



LOOKS LIKE A TIGHT FIT

—Montreal Daily Star

ings institutions, insurance companies, and the like, under the new undivided profits tax plan. It was proposed at one time that these institutions be exempted from the undivided profits tax, and be taxed at a flat rate of 15 percent of their statutory net income.

The work of the framers became increasingly complicated as the month drew on to a close. Industry and finance marshaled their forces and figures and descended upon Washington to argue their case. They opposed the undivided profits tax on the theory that the corporate reserves served as a "cushion" in times of depression and poor business. It was pointed out that many companies had been able to maintain both payrolls and dividends throughout the depression because they were able to draw from their surplus reserves. The proposed tax, they argued, would tend to dissipate these reserves.

The projected taxes may be likened to a "Morton's Fork." If a corporation holds its surplus in reserves the Government gets a large portion through the undivided profits tax. But if a corporation decides to distribute all of its surplus in dividends, the Government still gets a sizeable cut through the personal income tax.

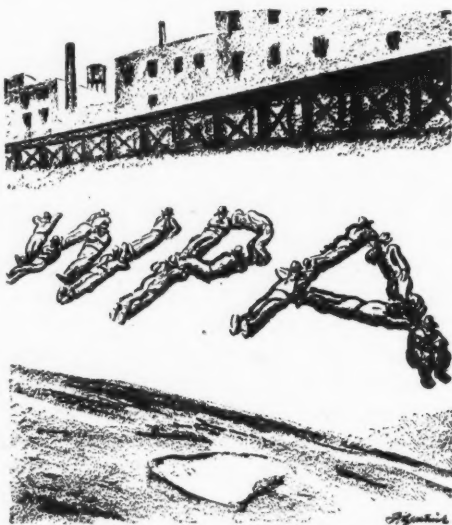
The Treasury announced on March 16 that tax returns this year were 45 percent greater than during the same collection period last year. This lent considerable heart to the tax bill framers, even though they learned two days later that the public debt amounted to \$31,447,106,057.

As April got under way matters were not much changed. Business was increasingly critical, and Congress was thought not likely to include the new processing taxes, at least as proposed. Combatting this, the Administration, determined to get the full revenue demanded by the President on March 3, pressed Congress to pass the proposed

measures. The final proposals were scheduled to be presented on the floor of the House about the middle of April, providing no further delays developed.

♦ ♦ ♦
RELIEF AND RECOVERY: In a message to Congress on March 18, President Roosevelt asked for a new lump sum appropriation of \$1,500,000,000 to carry on the Administration's relief projects for another year beginning July 1. Appealing to business to relieve the unemployment situation by making a concerted effort to increase its employment, he said that the Government would reduce or even eliminate similar appropriations in the future if it could be assured that industry would take up the slack.

Although Congress had intimated that it would prefer a smaller appropriation, and indicated its willingness to authorize as much as a billion dollars, the President maintained that the original request was the least that would suffice. He estimated that this amount would bring to a total of \$3,100,000,000 the sum allocated to cover relief re-



WPA—WORKERS' PLEASURE
ADMINISTRATION

—St. Louis Post-Dispatch

quirements in the coming year. This included a budget item of \$600,000,000 for the Civilian Conservation Corps, the several public works, and \$1,000,000,000 in unexpended balances from previous appropriations.

With this money the President proposes to assist 3,800,000 families and unemployed persons classed as "employables." He said that all others in adversity would have to be cared for by various State and local relief organizations, and that henceforth the State relief rolls would have to look after the "unemployables."

In effect, the President put the solution to the problem right in the lap of industry. Offering the aid and cooperation of all Federal departments and agencies, he said: "I present this problem and this opportunity definitely to the managers of private business. Only if industry fails to reduce substantially the number of those now out of work will another appropriation and further plans and policies be necessary."

Airing the Relief Question

This message brought the relief and recovery problem into the spotlight, and criticism that had been simmering for months reached the boiling point. Administration opponents pointed out that although \$8,570,200,000 had been expended on relief during the fiscal years 1934, 1935, and 1936, no appreciable inroads had been made on the basic problem of unemployment.

In general, opponents of the present relief program contend that the situation is worse than the President believes it. They maintain that present relief measures are inadequate. On the other hand, however, those who uphold the President look with great optimism on the question. Representative Woodrum (Dem., West Virginia) said: "Conditions are getting so much

better, we may not need as much as \$1,500,000,000."

According to the estimates of Harry L. Hopkins, WPA administrator, 24,000,000 people in the United States depend on relief money.

The Works Progress Administration which, from the nature of its organization, is most susceptible to criticism, bore the burden of the controversy, and this sore spot was aggravated by the Administration's decision to cut the enrollment of that agency in New York City by 40,000.

The prevailing belief in Congress in regard to works projects is that more money should be spent on large undertakings and less on the multitude of small projects, apostrophized by the term "boondoggling", to which there has been frequent reference.

Further retrenchment was evident in the Administration's plan to cut the enrollment of the CCC to 300,000 by July 1. At its peak the CCC had a



THE CAN—DIDATE

—United Features Syndicate

strength of 600,000. Many members of Congress, however, were outspoken in their conviction that the present is no time to curtail relief measures. On the contrary, they pointed out, relief projects should be maintained at their present level, if not increased, until after the elections this November. Representative Nichola of Oklahoma advocated that \$157,000,000 be allocated from the billion and a half relief appropriation to maintain the existing 2,158 CCC camps until July 1, 1937. A compromise was finally reached whereby 350,000 CCC workers will be retained on the various projects until next March.

Expenditures for relief and recovery are now beginning to be reflected in new and increased taxes. The Administration is banking its continued existence on expectations of a business upturn and general recovery to justify its vast spending program.



CONGRESSIONAL INVESTIGATIONS: In the past year and a half the number of telegrams sent to Washington by the citizenry advocating or protesting various legislation has increased enormously. In some instances it has reached such a volume as to have a real and unprepared-for effect on Congress. World Court adherence, the soldiers' bonus, the utilities holding company "death sentence", and other issues of similar importance have all elicited an unprecedented manifestation of public opinion. On the question of the utility holding bill was the flood of letters and telegrams particularly great. Last fall Congress decided to investigate this particular phenomenon which, it thought, smacked of propaganda activity.

After proving to its satisfaction that many of the messages were not authen-

tic, the Senate Investigation Committee, headed by Senator Black, recessed for six months. During this time, agents of the committee went searching for evidence, but this time on a scale not confined to the utility question alone. Early in March the committee reconvened, armed with a great accumulation of evidence, including reams of telegrams from the files of the Western Union and Postal Telegraph Companies.

Most of the data was concerned with New Deal policies and laws, including those affecting public utility companies. As soon as the mass seizure of telegraphic files became known, all of the groups under investigation made plans for a militant defense. According to the committee, many corporations had been inducing their employees to send letters and telegrams to Congress, the wording of which was dictated. The committee further asserted that in some cases the companies even paid the wire costs. It was said that five million telegrams had been under investigation by the committee.

Opponents of this line of investigation accused Senator Black and his committee of "pillaging", "terrorism", and "unreasonable search and seizure." Some of those affected by the inquiry appealed to the courts to protect the sacredness of their private correspondence under the Constitution. Supreme Court Justice Wheat of the District of Columbia, granted an injunction to a Chicago law firm restraining the telegraph company from delivering its own telegraphic files to the committee. This annoyed the committee not a little. Senator Black denounced the court and raised a new issue; to wit, who shall be master, the court or Congress? He pointed out that the court derived its powers from Congress and that Congress could, if necessary, change those powers. This, in turn, prompted

the protest that the legislative branch was attempting to usurp the powers of the judiciary.

Reaction Against Pressure

It was the feeling of the committee, on the other hand, that certain powerful interests were attempting to put undue pressure on Congress, and that its investigation was justified in order to protect the country at large from sub rosa dictatorship by the large corporations. Senator Black resented the criticism directed against the committee, and labeled his critics "lobbyists, propagandists, and so-called patriotic societies", who were, he said, engaged in "perpetrating a gross and malicious campaign of misrepresentation." Meanwhile, critics of the Administration and the investigation defended the lobbies, pointing out that their activities were no worse than the propagandist activities of the various Government press bureaus, and the literature sent out by Congressmen by franked mail.

For a time, the committee's investigation resolved itself into a pitched battle with William Randolph Hearst, whose opposition to the New Deal and to certain individuals in Congress is manifest in the news and editorial pages of his newspaper chain. Mr. Hearst discovered that a number of his telegrams were in the files seized by the Black Committee. Seeking to restrain the Western Union from surrendering one specific telegram which had been subpoenaed by the committee, Mr. Hearst carried the fight to the District of Columbia Supreme Court, where only a day earlier Justice Wheat ruled against a blanket seizure of telegrams by the committee. But Justice Wheat, in ruling upon the Hearst application, said that the Senate was within its rights in calling for a specific document. The committee disclosed that Mr.

Hearst had directed his Washington paper to attack Representative McSwain, chairman of the Committee on Military Affairs. Representative McSwain had incurred the publisher's wrath because he made remarks in public and private which did not reflect highly on Hearst journalism.

Protests against the Senate Committee's methods came from many sources, some of them widely apart, as, for example, the American Civil Liberties Union and the American Liberty League.

Mr. Gifford for A.T.&T.

Meanwhile, other investigations flourished. The American Telephone and Telegraph Company was investigated in regard to its status as a monopoly. Mr. W. S. Gifford, president of that corporation, was asked a great many questions and carried off a fair share of the honors. He freely acknowledged that the Telephone Company was a monopoly, and that it sometimes found it necessary "to fight certain Federal and State legislation." He revealed his salary, and gave his views on lobbies in general, which he divided into two groups—benign and malignant. The committee delved into the family affairs of the A. T. & T. and endeavored to ascertain the status of the Western Electric Corporation.

The Black Committee finished its examination of telegrams by April and spent two days in denouncing Mr. Hearst. They thus pitted themselves against a master and practiced denouncer, and the Hearst papers gave back blow for blow.

The House voted a measure which would require all lobbyists to register their names, addresses, and names of their employers, and the Black Committee was voted \$12,500 on March 27 with which to carry on its work.

When the Senate decided to hold a trial of impeachment on the official conduct of Federal Judge Halsted Ritter of Florida, it instituted the thirteenth impeachment proceedings in the history of Congress. The most famous of such Senatorial trials was that of President Andrew Johnson, who, in 1868, escaped removal from office by the narrow margin of one vote.



THE ELECTIONS: The campaign for the Presidential election in November will start in earnest with Congressional adjournment. It is expected that President Roosevelt will be the Democratic candidate. Ranged against the Roosevelt Democrats are a number of groups, including the disaffected Democrats and other dissenters within the party.

The Republican hopes have not crystallized in any one candidate as yet, and two or three men are seeking the party's support.

As the conventions draw near, a number of contenders and groups gird for the fight. Under the Republican banner are Senator William Borah of Idaho; Colonel Frank Knox, Chicago publisher; Governor Alfred Landon of Kansas, and possibly ex-President Herbert Hoover. Senator Borah pins his hope on the Ohio primaries, the outcome of which will probably determine his further candidacy. Nor is Colonel Knox coy in his efforts to win the Republican nomination. Governor Landon, leaning heavily on his record in the Kansas capital, has launched an active campaign.

Many political observers believe that the Republican Party has not yet found a man with enough appeal to unseat the present Administration. Others think that a Republican victory will not be difficult. These opinions, however, are

full of ifs, ands, and buts, and are liable to change without notice.

Also On The Ballot

Seven other political groups are preparing to take an active part in the coming political struggle. The Socialists, the Farmer-Laborites, the Communist Party, the Prohibitionists, the Socialist-Labor Party, the Progressives and the American Commonwealth Party all seek a "place in the sun."

The Socialists, who polled more than 800,000 votes for Norman Thomas in 1932, are split with internal dissensions. The Communists, headed by William Z. Foster, 1932 candidate, are recognized by seven States on ballots. The Communists and the Socialists may combine their strength and support the Farmer-Labor ticket. The latter party, with Governor Floyd B. Olsen as its leader, is strong in Minnesota, and favors Senator Gerald P. Nye (Ind. Rep. North Dakota), noted for his Senate Investigation Committee, for the Presidency. The Socialist-



EVOLUTION OF A HAPPY WARRIOR
—United Features Syndicate

Labor faction is an insurgent group. The Progressive Party is a family affair of the La Follettes. The American Commonwealth Federation, under the hand of Representative Thomas R. Amlie of Wisconsin, are Left Wing with the slogan of "the people against the vested interests." It, too, has its home in Wisconsin and Minnesota.



LABOR: The Goodyear strike, the rail-labor conflict, and the question of craft unionism, are prominent in the news. The maritime labor situation has been taken up by Congress, which is hearing evidence regarding mutiny and sabotage at sea. This involves the entire merchant marine and shipping of the country.

The rail-labor conflict began with Federal Railroad Coordinator Eastman's proposed unification of twelve rail terminals. The twenty-one standard rail unions, represented by the Railway Labor Executive Association, protested the plan for consolidation on the grounds that it would throw many men out of work. They made "protective" demands which were rejected by rail executives. These demands were then incorporated in the Wheeler-Crosser Bill introduced in Congress, but President Roosevelt intervened, as matters became more involved, and asked the unions to settle their differences with the railway heads and not to resort to legislation.

The Akron strike involving Goodyear Tire and Rubber Company employees was finally settled on March 21, when the company agreed to take all of the men back and to give advance notice of layoffs in the future. Secretary Perkins was active in the negotiations.



TERRITORIES: The various territories of the United States ran the gamut of

change and political upheaval in the past few weeks. In Puerto Rico, the issue of Island Statehood by Act of Congress was bitterly contested. The Liberals, headed by Luis Marin, aligned against Dr. Ernest H. Gruening, Chief of the Bureau of Insular Affairs of the Department of the Interior, who is said to oppose the Island's independence. The Independentistas have at their disposal more than \$40,000,000 granted by the last Congress for rehabilitating the Island. This money, to be spent on a ten-year plan for which legislation will be sought in January, will force plantation-owners to sell much of their land to the rehabilitation administration. This land will in turn be sold in three-acre plots to the native farm laborers. They will be aided and supervised in growing diversified food crops in order to make the Island independent of the United States, from which much of the food supply is now imported.

Philippines

The chief concern in the Philippines is money. Embarked on a policy of maintaining a first-class little army with compulsory conscription, the present Government finds the cost unmatched by the visible income at hand. It is planned to train 50,000 men in the army during the first year, with a goal of 500,000 men, most of which would be reserves. In the outlying provinces, however, many natives refuse to be conscripted. General Douglas MacArthur, formerly head of the United States Army, is military adviser to the Filipino President.

Panama

In a treaty recently made between the Governments of the United States and Panama, the former relinquished its rights to keep order in that country, and changed the annual rental on the

Canal Zone from \$250,000 (old gold standard) to \$430,000 in present United States currency.

Europe

PANIC gripped Europe last March as the Germans goosestepped back into the Rhineland. The last curtain was down on the Treaty of Versailles. The Locarno agreements were in the scrap heap. All Europe feared war, talked war, was ready to make war.

That was on March 7. During the next five weeks, nothing much seemed to have happened. There were threats, not action; debate, not combat; words, not bullets.

For France and England, the proceedings carried an air of frustration. Even while France fought to curb the Nazis, Hitler moved more troops into the Rhineland. And while England sought to end the Ethiopian hostilities, Mussolini spurred his campaign.

More significant was the breach between French and English—most hoped for and perhaps least expected of Nazi and Italian silver linings.

It came with England's absorption in Africa and France's concern in the Rhine. England held out to stop Mussolini, exhibiting a secondary, and at that, a conciliatory interest in the German violations. France, her troubles nearer home, openly relaxed toward Italy, declaring against further sanctions and directing League attention to Germany.

England's seemed the first victory. With the Easter holidays, the League was getting ready to renew consideration of the African tangle; later, will come the Rhineland.



FRANCO-SOVIET TREATY: Last May, the Franco-Soviet treaty was negotiated. The Nazis made a loud noise.

France pondered. Perhaps she had better not, after all.

But when the French Chamber ratified the treaty, it was too late. Hitler seized upon the provocation to march his "symbolic" troops into the Rhineland. Three fourths of his note denouncing the Locarno agreements were devoted to the Franco-Soviet treaty.

He concluded: "Germany no longer considers herself bound to this now defunct [Locarno] pact."

The French Senate had not yet ratified the treaty, and was not certain of doing so, owing to divided public opinion. But Hitler solved the problem. French hair bristled. The Senate acted. The treaty became a reality.

The pact, it is provided, will last five years after ratification, the documents to be deposited with the League of Nations for safekeeping. A defensive pact, it has counterparts in treaties concluded separately with France and Russia by Czechoslovakia, Rumania and Yugoslavia, the so-called "Little Entente."

The first two articles are the most significant.

Article I reads: "In the event of France or the U.S.S.R. being threatened with or in danger of aggression on the part of any European State, the U.S.S.R., and reciprocally France, undertake mutually to proceed to immediate consultation in regard to measures to be taken for the enforcement of Article X of the League of Nations Covenant." (Article X relates to concerted League action against aggressors.)

Article Two reads: "In the event France or the U.S.S.R. under circumstances specified in Article XV, section 7, of the League covenant, being subjected, in spite of the genuinely peaceful intentions of both countries, to an unprovoked aggression on the part of any European State, the U.S.S.R. and

reciprocally France, shall immediately come to each other's aid and assistance."



GERMAN OBJECTIONS: As the Nazis began their Rhineland parade, German officialdom made public its interpretation of Article II. It provides, the interpreters maintained, for immediate military aid and consultation without action by the League of Nations in the event the aggressor should not be a member of the League and therefore not subject to League control.

Germany is the only important European State not now a member of the League. She sees the Franco-Russian treaty as a direct threat to her safety in the event of misunderstanding. Thus, she says, the Locarno pact, to which both France and Germany are signatories, had been violated by France in spirit, if not in fact, when the treaty was signed.



HITLER'S OLIVE BRANCH: None appeared ready to condone Germany's action, however. Condemnation came swiftly, but it came with reservations. European diplomacy saw to it that doors were left open, to come in, to go out again. There was one reason for these reservations: peace.

As for the German denunciation of Locarno, of course you had to scold a little. An agreement, after all, was an agreement. But still, nothing unexpected had happened. The end of Locarno was seen at its beginning.

So when Hitler offered peace, and insisted that all those troops were just a "symbol", you could believe or disbelieve, but you had better think it over, and remember it was something, anyway.

This, at least, was the tone of England, as she essayed the rôle of mollifier to an angered, touchy, and worried France.

French indignation, at first at the boiling point, simmered down to a degree that permitted suggestions. The long negotiations opened, with the end not yet in sight, but with European war equally far removed.

In the same March 7 memorandum in which the Locarno agreements were denounced, Germany offered a six-point treaty to be signed with France and Belgium, with England and Italy invited to sit as guarantors.

An additional explanation expresses Germany's willingness to reenter the League of Nations, "in expectation that, in due course, by amicable negotiation, the question of colonial equality as well as the question of the League of Nations Covenant from its Versailles basis shall be cleared up."

The six-point treaty, which had as its first point the creation of a bilateral demilitarized zone—one extending as far into French and Belgian territory as into Germany territory—was proposed as follows:

1. The German Government declares its willingness to enter at once upon negotiations with France and Belgium for creation of a bilateral demilitarized zone, and in advance to agree to extend such a proposal to any desired depth of comprehensiveness, provided only there is complete parity.

2. The German Government proposes, for the sake of securing the inviolability and invulnerability of frontiers in the West, a non-aggression pact concluded between Germany and France and Belgium, whose duration it is ready to fix at twenty-five years.

3. The German Government desires to invite England and Italy to sign this pact as guarantor powers.

4. The German Government is agree-



A DICTATOR WITH INSOMNIA COUNTS SHEEP

—The Detroit News

able, in case the Royal Netherlands Government so desires and other contracting parties deem it expedient, to have the Netherlands included in this pact system.

5. The German Government is ready, for the sake of further strengthening these security measures, to conclude between the Western powers an air pact, designed automatically and effectively to forestall the danger of a sudden air attack.

6. The German Government repeats its offer to conclude non-aggression pacts with the States bordering on the east of Germany, and a similar one with Poland.

The first German overture toward Lithuania is made thus:

"Seeing that the Lithuanian Government in the last few months has sub-

jected its attitude toward the Memel territory to a certain revision, the Reich Government takes back the exception which once applied to Lithuania and declares its readiness to sign a non-aggression pact also with Lithuania, provided the guaranteed autonomy of the Memel territory is effectively carried out."



FRANCE RECOMMENDS: During the weeks of turmoil that followed, Germany rephrased these suggestions in many minor ways, but when the key meeting of the Locarno Powers assembled April 8 at Geneva, after innumerable other preliminary conversations, the only actual concessions which had been made had come from the other

Locarno signatories. (The signatories were Germany, Belgium, France, Great Britain, and Italy.)

France submitted an alternate plan for a "twenty-five-year peace agreement" providing for an international commission, ruling the operations of international troops, to act as a barrier between Germany and France on the Rhine front.

The French conceded the necessity of reconsidering the demands of Germany for the restoration of colonies lost during the conclusion of peace after the World War. But she demanded a positive guarantee of no further boundary changes in Europe.



ITALIAN MUDDLE: England made it clear that she would insist first upon taking up the prior question of Italy's violation of the League Covenant in making war on Ethiopia. Next, she said, would come the Rhineland.

France announced herself as definitely opposed to imposition of further sanctions against Italy at the present time.

Italy, leaving her Geneva delegate powerless because of a lack of instructions from home, renewed her attack upon Ethiopia with a demand for the destruction of that nation's armed forces.

Italy had been the first power to receive Germany's notification of her return to the Rhine. The Italian position was quite clear from that moment, although Italy delayed a definite statement on the subject until the formal meeting of the League of Nations Council which was called in London on March 18 to consider the terms to be sent to Germany on behalf of Great Britain, Belgium, France, and Italy.

There, Dino Grandi, Italian Ambassador to London and delegate to the

Council, stated the Italian attitude in terms that have not changed and could not have been misunderstood.

After reaffirming Italy's agreement that Germany's action had been a violation of Article 43 of the Treaty of Versailles (which guaranteed the Rhine against military reoccupation by Germany) and conceding that Article 4¹ of the Treaty of Locarno could properly be invoked, he stated that "Italy remains faithful to her undertakings." But he added:

"It is evident, on the other hand, that as a result of the decisions and measures taken at Geneva in regard to the Italo-Ethiopian dispute, the states which have adopted them cannot expect from my country the application of measures which would be incompatible with the position in which those same states placed Italy.

"I should be failing to discharge my responsibilities if I did not draw the attention of the Council to the contradiction which exists between the position of a country subjected to a system of sanctions and its task as a guarantor power which falls to it."

Later in the same speech he warned:

"It is frequently said in the Council of the League of Nations that peace is indivisible.

"If that is so, the methods of preserving and safeguarding peace should be indivisible. Otherwise, Europe will inevitably be led to transform herself into a system of manned frontiers, mobilized fleets, and standing armies."



GERMAN ELECTIONS: On the following day the Locarno powers, including Italy, requested Germany to permit temporary occupation of the Rhineland

¹Provides for assistance by and to signatories against an aggressor if the demilitarized zone is violated.

by British and Italian soldiers, and to give a definite commitment not to increase the present Rhine garrisons, and to refrain from fortifying the zone.

It was proposed that acceptance of these terms would result in an immediate conference on a permanent peace program, but a rejection would mean consultation of the general staffs of France, Belgium, and Great Britain.

Again, it must be noted that Italy is not mentioned in connection with any military alliances which would amount to sanctions.

Germany rejected the note on March 24, on the plea that the elections forthcoming five days later made it impossible to concentrate on an adequate reply and counter-proposal.

The elections were significant, both in the manner of their supervision and in their results. While it was true that only one list of candidates appeared, and that there was space on the ballots to vote only "Yes", as an endorsement of Hitler's foreign policy, the effect was powerful.

No matter how much unrest may underlie the actions of the people, it was impossible not to be impressed with the fact that, like it or not, 44,952,476 votes were cast—more votes than France has population.

Naturally, all but about two percent of these votes were "Yes." The only other possibility was a defaced ballot. But the ability of the State to turn out its entire population, to demonstrate a unanimity of action in a crisis, created exactly the setting Germany wished to have for her note of rejection.

On April 1 the German note was delivered, in which Germany repeated the high points of her original memorandum of March 7, and agreed only to four months' truce, during which she would not increase her forces on the Rhine "provided similar commitments are made" by France and Bel-

gium. The French, British and Belgian military commands exchanged letters immediately guaranteeing mutual defense in the event of attack, after a British Cabinet had gravely considered the implications of the answer.

Despite surface indications, actual outbreak of war still seemed a long way off. A further consultation of the Locarno Powers was called in Geneva, April 8, simultaneously with the meeting of the Committee of Thirteen of the League of Nations.

As those meetings opened, Great Britain seemed little disposed to act hastily with regard to Germany. Instead, she engaged in an open quarrel with France over steps leading to the application of oil sanctions against Italy, which nation had shown no disposition to heed the demand of the League of Nations that fighting in Ethiopia cease forthwith.



SIDEPLAY: Several more significant, although less apparent, steps were being taken while these negotiations were going on.

On March 22, Austria and Hungary met with Italy, and renewed a treaty signed in 1934 in which Austria's independence was reaffirmed, and protection offered by Italy and Austria to Hungary.

Until the rupture of the Locarno treaty, France was certain of military assistance in case of dire need, from Czechoslovakia, Yugoslavia, Rumania, and Turkey, and probably from Italy as well.

One week after the Rome treaty had been re-signed, Austria repudiated her agreements under the Treaty of St. Germain and proclaimed universal military suffrage, with the forces divided into two classes: "reliables", who will

be armed, and "non-reliables", who will not, but who will receive training nevertheless.

Presumably, of course, Italy's guarantee of Austrian independence for the past two years has been solely a measure to prevent the alliance of Austria, Hungary, and Germany into a Pan German union once again.

The attitude of the Little Entente toward the rearmament move however seemed inspired by another fear entirely. All three smaller powers entered vigorous protests; and all were calmly ignored.

In the same week, Turkey served notice that she was anxious to avoid any rupture with Germany, her best customer, but that without insisting upon becoming a party to any measures with regard to Germany's reoccupation of the Rhine, she would definitely feel at liberty to demand refortification of the Dardanelles, in the event Germany's move escaped retaliation.

Poland continued to reaffirm that she has satisfactory treaties with Germany, France, and Russia, and that she does not favor any warlike gestures on the part of any of her friends.



FRENCH ELECTIONS: At home, France was to be confronted in April with her most unenviable task . . . the national elections, which begin on April 26.

The elections are to select members in the Chamber of Deputies, which normally seats 615 members.

Nineteen different parties are now represented in the Chamber. Several are not.

These groups again are divided broadly into the Right, Center, and Left. The Left groups control 333 seats, the Center control 151 and the Right 71.

There are 10 Communist members on the extreme left, and 10 Independent members on the extreme right.

The result of the elections is certain to prove significant in influencing France's attitude toward Italy and Great Britain. That a choice must be made seemed, early in April, inevitable.

The Left Wing is definitely a pro-League-of-Nations group, and united in that respect if no other. The Right wing is as anxious as the Left for some form of government which will mean more direct action in international affairs.

Thus, it should be evident that many of the uncompromising speeches made during the past month by French statesmen, both from the Right and Left, may be due for revision, once the elections are out of the way.



Africa

ITALY's drive in Africa was highly successful in two respects. The Ethiopian forces were beaten and disrupted, and Great Britain was made to see the possibility of Italian occupation of the territory surrounding Lake Tana, source of the Nile that flows into British-controlled Egypt.

Harrar and Jijiga fell, the occupation of the Aussa territory was completed, Dessye was apparently doomed, and Addis Ababa was bombed, machine-gunned and badly frightened. It was even reported that Haile Selassie had shaved off his beard as a disguise in retreat.

So Great Britain began to lose interest in pressing for an immediate settlement of the Rhineland problem, and to concentrate once more on her demand for peace or more sanctions in the Italo-Ethiopian embroglio.

By the time the Committee of Thirteen met again on April 8, Britain's Foreign Secretary Eden presented a list of startling charges that Italy had broken her pledge and was using poison gas. Further, he charged, a British Red Cross unit had been destroyed by Italian bombers in Ethiopia.

Italy countered easily, after France had vigorously fought against pressing for additional sanctions.

Italy charged that the Committee of Thirteen was not legally entitled to pass upon the question, and the committee appointed a sub-committee to make an investigation of the Committee of Thirteen's legal powers in that matter.



Far East

IN THE Far East, Soviet Russia and Japan continued their squabble over the counter of the buffer State, Outer Mongolia, which Russia admits is under her protection, but also affirms is a land over which she gladly concedes China's sovereignty. Outer Mongolian border incidents were reported with increasing frequency, but Japan created a diversion by accusing Russia of having badgered China into a mutual assistance treaty.

Russia and Nanking both denied that any such agreement was in existence, and the Soviet countered with a charge that Japan herself had forced China to conclude secret agreements against the Soviet.

These charges also were denied.

It became entirely clear, however, that the events of the forthcoming month in the Far East will be more and more concerned, not merely with the presence of communism in Outer Mongolia, but in China proper.

Japan's deathly fear is not Russia as a nation, but the idea of communism, which she believes threatens her very life.

Russia's fear in the East is less Japan as a nation, than a growing antagonism to communism in a Japanese-controlled China.

The signs of a more vigorous Russian diplomacy in the Far East became unmistakable upon the ratification of the Franco-Soviet treaty on March 12 by the French Senate, leaving Russia more free to ignore the possibility of a clash on her western front.

This would seem to leave Japan and Germany as natural allies, if it were not for one thing: Japan still exercises control over a major share of the former German possessions in the Far East, and much as the two nations admire the strong central traits in each Government, Japan has shown no eagerness whatever to relinquish her hold on the German-mandated areas, despite her resignation from the League of Nations.



Latin America

ON APRIL 8 at Washington, with the selection of Secretary of State Cordell Hull as chairman, representatives of twenty of the twenty-one republics forming the Pan American states constituted themselves a commission to prepare a preliminary agenda for the inter-American peace conference to be held this spring in Buenos Aires.

The actual date for the conference will be determined by consultation between the members, but late June seems the likely time.

The twenty-first state was Paraguay, which had given every indication that its representatives would join the



"A red sky at morning
Is the shepherd's warning . . ."

—Glasgow Record

commission as soon as they could be spared from the pressing business of converting Paraguay into America's first totalitarian State under the leadership of Colonel Rafael Franco, Chaco war veteran and popular military hero.

A modified "League of Nations Covenant" for the Americas, but with no provisions for economic or military sanctions, is the underlying aim of the conference, suggested as the means for obtaining formal ratification by all twenty-one states, of a protocol adhering, however mildly, to the principle of collective security.

Since several of the American republics already are members of the League of Nations, it is safe to conclude that no proposals which might seem to modify the League's provisions by setting up conflicting agreements, will be entertained.

♦ ♦ ♦
DICTATORSHIP IN PARAGUAY: Colonel Franco's decree establishing Paraguay

the newest one-party State in the world was issued on March 10, less than a month after the revolution which ousted the régime of President Eusebio Ayala on February 17.

The Colonel, eleven days prior to that (February 6), had been exiled by the Ayala Government on the charge of "communism."

Dictator—or *President* Franco, as he prefers to be known—gave formal assurances immediately that the aim of his Government, which he said had received a mandate from the revolutionaries, was neither fascist nor communist, but looked toward the establishment of a republic, democratic in principle, for Paraguay's 885,000 citizens.

The Government, which avows itself as temporary in nature, will conduct itself for the coming year along lines more nearly resembling the operating theory of the Italian and German régimes than the Soviet.

The first move made by Revolutionary Leader Franco on March 10 was the issuance of an order calling up six classes of army reserves to "fill places made vacant in the recent demobilization."

Immediately afterward, the provisions of the decree suspending political liberty of action were promulgated.

The chief provisions were for a one-party State, which for a year at least will control the entire functions of society—economic, political, and military—within the country's borders.

All political activities of whatever nature, except those of the State itself, are suspended for one year. All citizens are warned to be prepared to devote their persons and their assets to the service of the State for whatever peace-time duty may be required of them.

Foreign capital is frowned upon, except when it comes under the control of the State and remains upon deposit inside the country.

All controversies between capital and labor are to be settled by a newly-created National Labor Department, which will operate as a section of the Ministry of the Interior.



CHACO PEACE CONFERENCE: These decreed purposes of the new Paraguay took the Chaco peace conference, then in session, slightly by surprise, as the representatives of Argentina, Brazil, Chile, Peru, and Uruguay were, in collaboration with the United States, drawing up notes extending formal recognition to Franco's *de facto* government.

They had previously been assured that the new Paraguayan Government "will faithfully carry out international obligations and pacts in force as well as with regard to democratic principles which will guide the new organization

of the State," and these assurances were repeated in identical telegrams to representatives of the six mediators.

After consultation, all agreed to recognize the Franco Government and to accredit diplomatic representatives.

In the note of recognition signed by President Roosevelt, and delivered March 14 by United States Minister Finlay Howard at Asuncion, this country states its pleasure at the assurance that prisoners of war would continue to be repatriated and that other peace treaty provisions would be followed.

The second paragraph of the note, neatly summing up the understanding on which recognition is granted, reads (in full):

"This Government has therefore reached the conclusion, after consultation with the governments of the other American republics represented at the peace conference at Buenos Aires, that it is the expressed intention of Your Excellency's Government to respect in every way the peace protocols signed in Buenos Aires on June 12, 1935, and on the 21st of January, 1936."

The peace protocols referred to here called for immediate cessation of hostilities in the Chaco, then almost entirely occupied by Paraguay, and for the reduction of Bolivian and Paraguayan armies to a maximum of 5,000 each.

On March 4, Bolivia had paid £132,231 to the Chaco peace mediators at Buenos Aires, in payment for the upkeep of Bolivian war prisoners in Asuncion, to be paid over to Paraguay immediately after the final Bolivian prisoner had been sent home.

A curious aftermath of the Gran Chaco warfare was noted on March 25, when President Roosevelt's embargo on shipments of arms or munitions to Bolivia or Paraguay, dated May 28, 1934, was held unconstitutional by Judge Mortimer W. Beyers in the

United States Court for the Southern District of New York. He declared that the power to do so had not been properly delegated to the President by Congress, and dismissed complaints against several American airplane and shipping concerns, charged with violating the embargo.

He criticized the delegation of power in that it authorized the President to promulgate an embargo upon the basis of his own opinion, instead of imposing upon him the restriction that his action must be based upon facts determined through hearings of a Congressional nature.

In other words, the Federal Judge held that Congress could not delegate to the President power to act in a manner which differed materially from the limitations imposed by the Constitution upon Congress itself.

The discussion, except as it related to dismissal of charges against the embargo violators, was academic, of course, the usefulness of that particular embargo having long since passed. But it was thought to have a bearing on possible future neutrality legislation.



BRAZIL AND COMMUNISM: Constitutional guarantees were temporarily suspended in Brazil during the month. Brazil, with nearly fifty times as many citizens as Paraguay, and already faced by serious competition for the world coffee market, found communism spreading rapidly not only through her peasants, but to members of both her upper and lower houses of Parliament.

It was an alarming situation—alarming to the five percent of the population which controls Brazilian capital and supports the régime headed by Brazil's Constitutional President, Getulio Vargas.

A real revolt on the coffee planta-

tions would accomplish Brazil's financial downfall with rapidity, since the coffee bean still represents 75 percent of her foreign trade.

After three weeks of excitement, President Vargas declared that a state of emergency existed. This period began with the arrest of Luis Carlos Prestes, leader of a revolt last November; was signalized by the sudden death of an American citizen, Victor Allen Barron, 27-year-old son of a New York City resident; and came to a climax with the detention of at least one Senator and two Deputies on charges of treason.

A state of rebellion had existed, with semi-military rule, since the November revolt in which Sgr. Prestes took part.

On March 21, two days before the rebellion was due to expire, President Vargas signed a decree suspending constitutional guarantees for Brazil's 47,000,000 people, and ordered martial law for ninety days beginning March 23.

Before the decree was issued, the Brazilian Cabinet had met at President Vargas' summer home at Petropolis, fashionable Rio de Janeiro suburb.

The Brazilian excitement centered about Harry and Machla Berger, arrested January 1 on the charge of being the active heads of the Third Internationale in all South America.

Victor Barron was arrested by Brazilian secret police, who declared they had followed Berger's police dog to Barron's "hiding place." On March 4, Prestes was arrested. The police declared that a case against him had been revealed by Barron.

The following day, a window on the second floor of police headquarters at Rio de Janeiro was thrown open, and through it Victor Barron's body hurtled, crashing on the pavement below.

Police ambulances took the man, his skull crushed, to an emergency hospital.

where he died without regaining consciousness. The communication declared that Barron had committed suicide in remorse over having betrayed the hiding place of Prestes.

Charges were made on the floor of Congress by Vito Marcantonio, representative from a New York City district, that Barron had been murdered, and that Hugh S. Gibson, United States Ambassador to Brazil, had assisted in his fellow countryman's capture and detention.

On March 26 the House Foreign Affairs Committee exonerated Ambassador Gibson of any complicity in Barron's death and brought out the fact that Gibson had obtained medical aid for him when it was found he was suffering from tuberculosis, and had arranged to send him to the United States on a steamer leaving March 6—the day after his fatal fall.



THE ARGENTINE: In Buenos Aires, tabulation of votes for the sixteen seats in the municipal Chamber of Deputies, completed March 11, showed that the Radical Party had gained control of the municipal government from the Socialists for the first time. Final results show eleven Radicals and five Socialists elected. The election took place March 1.

Elections to the National Government did not result in a complete loss of control by President Augustin P. Justo, but the Radical vote was sufficiently large throughout the country to assure the candidacy of Leopoldo Melo, Radical Minister of the Interior, at the next elections.

Although the Argentine is still having difficulty with foreign trade, American restrictions against Argentina's meat being one of the commercial subjects now under discussion between

the two countries, collections for the first two months of the year in internal revenue taxes were double the total collected last year, amounting to 26,000,000 pesos.

Previously the Provincial Governments had been permitted to collect internal revenue taxes and remit to the Central authorities. This year the National Government's own agents are making the collections.



NICARAGUA: A reciprocal trade agreement with the United States was signed March 11 at Managua. Duty of 10 percent ad valorem on "Peru" balsam was cut to 5 percent, with coffee, cocoa beans, bananas, cabinet woods, deerskins, logwood, crude ipecac, reptile skins, and turtles continuing on the free list.

Nicaraguan duties on American proprietary and patent medicines were cut 20 percent, as was the duty on varnishes. Other cuts ranged from 17 percent on lard duties to 40 percent for ready-mixed paints, raisins, dates, and similar pressed fruits.

The agreement contains a "most-favored-nation" clause and is the eleventh to be signed by the United States.



CALLES IN EXILE: A stern-featured man with memories and a mustache alighted from a 'plane at Brownsville, Texas, on Good Friday to take up his abode in the United States. As the 'plane winged back to the country he had dominated for eleven years, he explained to American reporters:

"I was combatting Communism. A respect for democratic principles would be the best thing that could happen to Mexico."



AROUND AND AROUND THEY GO

—Richmond Times-Dispatch

General Plutarco Elias Calles, Mexico's Iron Man and President of that country until 1928, had been arrested by Government officers the night before as he lay ill with influenza in his hacienda at Santa Barbara, Mexico. General Rafael Navaro, chief of operations in the Valley of Mexico, accompanied to the house by twenty soldiers of the Nineteenth Infantry Regiment and eight policemen, entered his bedroom.

"By order of the President of the Republic, you are under arrest," General Navaro said. Calles was calm, resigned, polite.

The former President was treated with the utmost civility. He was even allowed to use his own car in riding to the airfield, where a special plane awaited him and four of his chief lieutenants.

Newshounds noted as he alighted in this country that under his arm was a copy of Hitler's "Mein Kampf," bible of Nazi Germany.

"The departure of General Plutarco Calles with Luis Morones, General Melchor Ortega, Luis Leon and others for Brownsville is the consequence of threats to the public welfare which forced the Federal Executive to take this action," read an official explanation of the exile made public by the private secretary to Mexican President Lazaro Cardenas.

Calles, born a peon, ruled Mexico with an iron hand from 1924, when he was elected President, until 1935. He was no longer President after 1928, but behind scenes he dominated the country.

When Cardenas was elected in 1934, Calles was his friend and supporter. A year later, they divided on labor issues. Cardenas went left, Calles right. Cardenas proved to be no puppet. Calles found his advice ignored. He came here for a period of voluntary exile, was greeted on his return by a hostile demonstration, but remained. He was blamed for the subsequent bombing of a Vera Cruz train.

Energetic, iron-willed and difficult to cross, Calles incurred the animosity in Mexico, not only of labor, but of the Catholic Church, against which he pitted his strength in politics, eventually closing churches throughout Mexico.

With his former adviser out of the way, President Cardenas continues with his Six-Year-Plan. It includes socialistic education, redistribution of land among farmers, nationalization of certain industries and utilities and improved housing for workers.



KOREKIYO TAKAHASHI

"... a very old man stabbed to death in his sleep."

By Riichi Takahashi

MY FATHER, TAKAHASHI

MY FATHER, Korekiyo Takahashi, the late Finance Minister of Japan, was a small boy, two or three years old, when the earthquake called the Great Shake of Ansei struck Japan. The catastrophe was just as bad as the Japanese quake of 1923.

They found the little boy, my father, pinned in the wreckage of his house, but he was unharmed and quite at ease. In fact, he was sound asleep, despite the discomfort and danger of his position.

This and other incidents later caused the people of Japan to say that my father was born under a lucky star, as you would call it in America. It will also serve to illustrate the perfect equanimity which distinguished him even at that early age.

My father was born in 1853 in Tokyo, which was then called Yedo. He was the son of Mr. and Mrs. Shomon Kawamura, and his father was an artist employed by the Tokugawa Shogunate.

Under the feudal system then in effect, the Shogun was the overlord of the highest ranking lords under the Emperor. Next to the lords came the Samurai, or fighting men, and after them the Ashigaru, or vassal Samurai, and then the farmers and merchants.

My grandfather was well able to support his family, but it happened that shortly after he was born, my father

nevertheless was adopted by Mr. Koretada Takahashi, a vassal Samurai under the feudal lord at Sendai. Although Mr. Takahashi was poorer than my grandfather, he was considered of nobler blood in those days, and so the adoption was deemed an honor for my father.

I might explain why it took place. Mr. Takahashi had just lost his only son, and there was a tradition among the Samurai that the family name must be perpetuated. For this purpose, my father was adopted, but scarcely had the adoption taken place when Mr. and Mrs. Takahashi were blessed with another son of their own. So they sent the little boy, my father, away. He went with Mr. Takahashi's mother to live, it being the custom for one to remain always in the family by which he was adopted.

My father greatly loved this noble woman, and every night before retiring, he would bow before her picture. He told me once that to her he owed everything—his success in life, his reputation and his health.

Mrs. Kiyo Takahashi—that was her full name—taught my father first to be always optimistic, to fear nothing, never to worry and to be always certain that God would never fail to help one in a noble endeavor. She taught him particularly never to fear death.

"If you are not afraid of death, so

much more will you enjoy living, and so much less anxiety will you feel," she said.

My father so well understood these words that in his later career he expressed always his true convictions, never fearing the consequences, and he considered this the first attribute of a statesman. For this quality, he deeply admired the American President Abraham Lincoln, and the lives of the two men were in many ways alike.

Mrs. Takahashi also taught my father to rise early in the morning when the air was clear and fresh and one could enjoy the sunrise and other sweets of dawning. Most great men in history, she said, were early risers.

After the fashion of a Samurai lady, Mrs. Takahashi believed firmly in harakari, or seppuku, which is a form of self-inflicted death among the noble Japanese. It is not what the Americans call suicide, for it never results from a desire to escape a great sorrow. The Japanese who commits harakari disembowels himself with his sword as a protest against an insult to his country or his Emperor, or to the spirits of his esteemed ancestors. Mrs. Takahashi taught my father to be ready to commit this act whenever the circumstances demanded.

He Is Lucky

I have said that my father was considered a lucky man, and now I shall illustrate again how fortune favored him. Once when he was a small boy he attended the funeral procession of a noble. Seeing a friend across the street, he ran to greet him, falling, it seemed, directly in the path of the mounted honor guard. Bystanders cried out, for they thought surely the little boy, my father, had been killed. However, he escaped with only the imprint of a horse's hoof upon his kimono. For this

my father largely thanked the horsemanship of the rider. He greatly admired horsemanship and indeed this was a cardinal talent of the Samurai, who was expected to ride well, to shoot the bow well, and to cut well with his sword.

On another occasion my father was playing hide-and-seek with some boys of his own age around a shrine. He hid himself inside. Meanwhile, a noble lady came there for worship, and her guards scattered my father's playmates. Unknowing, my father finally emerged from his hiding place to confront the noble lady.

"My!" he said. "You are a beautiful lady! And you have such a pretty dress!"

People nearby were aghast at his temerity, for it was a terrible breach in those days for a boy of lower rank to address a noble lady. Indeed, it was entirely likely that his parents would lose their heads. But the lady liked my father, and even invited him to dine at her house with her husband, a Grand Duke. You may be sure my father went. He went, in fact, in a new kimono, which he was obliged, by the poor circumstances of his foster parents, to purchase with the help of his real father and mother.

This good fortune made my father believe more than ever that his life was indeed well-fated. But he has said to me many times:

"It is unhealthy and foolish to be pessimistic, in any event, for there is nothing to worry about in the future, and nothing you can do about the past. Should trouble come, then one must rely on one's wit and courage."

There were no schools in Japan in those days, and my father was sent to temple to study the Chinese doctrine of Confucius. Buddhism, not Confucianism, was the dominant religion in Japan in those days, but my father went to

study only the words of Confucius. Today, I would say that Japan is 50 percent Buddhist and 50 percent Christian; and as for my father, in his later years, he was of both religions, since fundamentally they are alike.

My father told me he would arise at midnight and walk three miles to the temple, which reminds one of the boyhood of your Abraham Lincoln. Once I asked him why he went to school so early, and he said, "My son, it was because I always wanted to be the first at my lessons."

Very often, when he would find it difficult to learn, my father would cry, and the priests would try to comfort him, saying soft things. But this angered my father, for he felt that a Samurai boy should not be pitied, and once when a priest went so far as to offer a tangerine to soothe him, my father jumped up and bit him in the nose.

When my father was ten years old, Mrs. Takahashi sent him to the temple to live and so complete his studies. She went there every day to inquire about him, but she gave strict orders that my father was not to see her, or even to know that she had visited. This was in order that he might keep his mind on his studies, and also to spare them both the anguish of parting.

After he had worked hard for three years, the priests elected my father to study further in America. This was agreed to by the lords, who in such cases paid all the expenses. My father, overjoyed, went to Yokohama to study English.

There were few English dictionaries in Japan at that time, and Oda, an English master, had one of them. So every night my father would visit him to read it, and within three months he had copied the whole book. Does this not remind you of Abraham Lincoln?

When the time came for my father

to go to America, Mrs. Takahashi gave him a Japanese sword.

"My boy," she said, "you are a young Japanese, an honorable subject of His Imperial Majesty, the Emperor. For him, and for his honor, you must be ready to die. Do nothing to disgrace your country or your Emperor, always protect their honor. If you fail to do this, then you must die by this sword."

He Sets Sail

My father's experiences in America were not pleasant. He set sail when he was nearly 13 years old with a fellow student named T. Suzuki, with whom he had become acquainted while learning English. Accompanying the boys was an American, in whose care they were placed by the provincial government at Sendai. It was arranged that the money for the boys was to be remitted to this American.

However, he proved to be a very dishonorable man, and he spent all the money intended for the boys, telling them that it had not been sent. What was worse, when the boat landed at San Francisco, he made the boy, T. Suzuki, go to work for him, and the poor young man was obliged to work so hard and until such late hours of the night that he had no time for his American studies.

As for my father, he was sold under a three-year contract into the service of a Mr. Brown, who was a millionaire living at Oakland, California. At first my father did not know he had been sold. Then one day he asked Mr. Brown if he could go to the city to hear some lectures, since by that time he could understand them.

Mr. Brown said he was sorry but he had just bought my father for three years of work as a house servant. My father was greatly shocked and he said, "Why, that man was a terrible kidnapper!"

America's Civil War had just been fought, and there was supposed to be no more slavery. My father told Mr. Brown of this and said further that he was an admirer of Abraham Lincoln, but that he could not understand this treatment of a Japanese subject.

Mr. Brown was a kindly man. He said he would let my father go, if the American would reimburse him for the unexpired term of my father's service. But this the other man declined to do.

Now my father got a big idea which he thought surely would win him his freedom. He broke two lamps in the house every day, thinking his employers would discharge him. But they didn't. Then he broke five, but his employers only told him to be more careful.

At this time, a beautiful girl relative of Mr. Brown gave my father an American Bible.

"The words in this little book will help you in your trouble," she said.

Some time later, in Japan, an American missionary gave my father another Bible. This my father read and came to treasure, but the book the beautiful girl presented to him he never had time to study, for Mr. Brown kept him too busy.

Then one day a letter came from T. Suzuki telling my father that the American who had sold him had been convicted for that cruel deception and that now both boys could go home.

* * * *

The home-bound boat was still at sea, when a great change came in Japan. His Imperial Majesty, the Emperor Meiji, declared the end of feudalism. Hereafter, he decreed, he would govern his people directly instead of indirectly through the feudal lords. This act became known as the Restoration of Meiji, and it meant new equality and liberty for the Japanese people. From that day in 1868, Japan has made

remarkable progress, both in our own country and abroad.

Now my father, when he returned home, was fifteen years old. Since this was then the age of manhood in Japan—today it is 21—it was altogether proper that my father should be entertained in a geisha house. And in such a place, his friends gave him a big welcoming party. Many beautiful geisha girls were there, and for Americans who have not been to my country, I can describe them best as so many beautiful Madame Butterflies.

My father's friends came to the party handsomely dressed in their finest kimonos, with swords hung at their sides. But my father, who had come



A Geisha Girl

to admire American simplicity, was dressed in a plain American suit. The girls paid no attention to him. This greatly bothered my father, for he did not like what you call in America an "inferiority complex." So the following week he gave a party himself, at which were the very same geisha girls. Now he wore his finest raiment, and he proved to be immensely popular.

"I am the same man whom last week you ignored," he told the geisha girls, by this meaning to impress upon them never to judge a man by his appearance.

Abraham Lincoln was not pretty to look at, and yet he married a beautiful woman. Surely, she must have seen him for the man he really was, and on this subject my father felt deeply.

In those days there was in Japan only one government school called Kai-sei. There my father obtained his first employment as a professor of English. Discipline at the school was severe, and the students one day went on strike, refusing to tolerate such treatment. My father agreed with their objective, feeling that students should be treated almost as equals since one day they might gain great distinctions, even overshadowing their instructors. He gave a speech in which he made this known, at the same time telling the students to be respectful to their professors.

My father made known also that he admired American liberty and believed Japan should borrow that ideal, but he cautioned against importing any foreign system without first seeking to adapt it to the needs and environment of one's own country.

The students loudly applauded my father, but the professors were quiet. My father said later that his ideas were too big for the dead spirits of the professors, who were so fond of their cut-and-dried-theories and who knew noth-

ing else at all. My father lost his job.

Now began what he called his "vagabond age." There was a depression in Japan, and finding no work, my father devoted himself to the pursuit of pleasures.

While you may be sure that Mrs. Takahashi, his foster grandmother, was not at all fond of this idea, she did not interfere in the least, saying that he would find out the futility of pleasure for himself.

All during those troublous days, his companion was the American Bible, which a missionary had given him earlier. Every day, he read from it and later he said the words in that book made him successful.

At length, requiring some employment, my father obtained a job as rickisha man for a geisha house. This was not a dignified calling but it was all my father could get, and he did not keep it very long. It chanced that one of his old friends came upon him in this employment, and suggested that he seek work in Kanazawa, a town about fifty miles east of Osaka. This my father did, and again he became an English teacher.

At that time, there was no more than a handful of English teachers in all Japan who knew the language so well as my father, and he was highly paid. Saving much of his earnings and making wise investments, he soon was able to set himself up as a stock broker. Those were the early days of the stock market in Japan, which was just emerging from feudalism, and there were many opportunities for men who could see them. My father made an enormous fortune, and with it came new friends and influence. When he was thirty, my father was chosen to head the first patent office of the Imperial Government.

In 1886, while he still held the patent

incumbency, my father was persuaded by a close friend to invest his entire fortune in a silver mine near Lima, Peru. After having conferred with Mr. Kaoru Inouye, then Minister of Agriculture and Commerce in Japan, and having received favorable reports from the mine owners in South America, my father set about getting the necessary labor.

This proved difficult, for the undertaking was regarded as hazardous, and none but jailbirds and other villains offered their services. But my father accepted them, having no alternative, and at length was ready to depart. It was an ill-fated enterprise, beginning sadly with the death of my father's foster grandmother, and ending with his ruination. I might say at this point that at the time of his departure my father was married. His wife and two sons he left behind him.

The mine was located at the foot of the Andes Mountains, and there the party went, traversing dangerous mountain trails on horseback. My father led the procession. Once his horse, becoming frightened, reared at the top of a cliff and plunged to his death below. My father very nearly went with him, but the straps of his knapsack caught upon a protruding rock, and he was soon hauled back to safety. At another point, the party came upon a chasm, passable only by a shaky bridge of logs. The workers demurred at crossing, but loudly singing Japan's national song, my father bolstered up their spirits and the party went on to the mine.

A hasty examination of the place in the dark disclosed the presence of much silver dust, and my father eagerly began operations. But the silver never was found. My father found only that he had been fooled, and even so by a friend. He learned too that this friend had obtained a commission from the

South American owners of the mine, although long before they had found the property to be worthless. As for the presence of the silver dust, it had been put there deliberately by the villainous former owners.

Now the workers knew the enterprise was a failure, and like the jailbirds they were, began noisily to demand a swift return to their own country. They were angry, and there was no discipline in the camp. But it may be said for the Japanese that they are a patriotic people, no matter how far some may have fallen socially. And so this way my father spoke to them:

"Although our enterprise is a total failure, and I am ruined far worse than you are, we have gained a costly experience which is valuable. Let it be said that we are honest men, and although we were fooled by liars, it is far better to be fooled oneself than to fool another. To follow this rule may be the slowest way to succeed, but it is also the most certain.

"Now we are all in South America, but our flag, the Rising Sun, waves high upon the mountain top, and plainly it calls to us to behave like true Japanese subjects. Tomorrow, you will see the Rising Sun in the East. Today you will be cheerful and full of new hope, for the Rising Sun is the symbol of endless aspiration and dauntless spirit."

This made the hearts of the men glad once more, and they turned their footsteps homeward with no more grumbling.

He Is Ruined

At home my father found himself financially ruined, and with his wealth there went his reputation. Now people said he was a reckless speculator, and they were disdainful of him. His fine house he sold, and he and his family went to live in a tenement in a slum.

A man can be happy, however, for his real friends. Though my father had been reduced to poverty, there were those who really knew him and remembered. J. Saigoh, S. Matsukata and K. Kawada were among them. Through the last-named, then president of the Bank of Japan, my father obtained temporary employment with the bank.

He was then forty. Life, he said, really begins at forty. I have heard that there is an American book on this subject, but very long ago my father said it—when he was forty years old and a poor man in a temporary job with the bank.

His position then was as a sort of superintendent in the construction of a new building, to be modeled after the Bank of England. The contractor was Japanese, but most of the materials were brought from foreign countries at great expense.

My father studied this. Japan in those days nominally was on the gold standard, but actually our country was influenced by the fluctuations of the silver markets in China. My father found that the canny contractor was billing the bank for the foreign materials at times when the exchange rate was unfavorable to our country. But the contractor did not pay for these materials himself until the exchange again was favorable, so making an additional profit. This practice my father ended. While it might be all right in private business, it could not be countenanced for a government-owned bank, or for any other project of the public, he said. This the people liked, and when the building was completed for less than the estimated cost, my father had regained his reputation.

New honors came to him. When the Russo-Japanese War took place, he was already president of the Bank of Japan and vice president of the Yokohama Specie Bank. He was fifty. Less

than eight years before he had held a temporary position and was poor.

Now he went abroad to borrow money to finance the war for Japan. He met Mr. Schiff in America; in England, Lord Rothschild; in France, M. Poincaré, if I recall correctly. And from them he got much help. The war over, the Emperor Meiji made my father a baron, and fifteen years later he became a viscount. But these titles he transferred to his eldest son, and lived, as he said, much more happily as a plain Japanese "mister".

He Rises Politically

My father soon became Finance Minister of Japan. Then, in 1910, following the assassination of Premier K. Hara at Tokyo Station by a young rascal, he became Premier of Japan. He was several times Finance Minister and once the Minister of Agriculture and Commerce. He was also President of the Seiyukai Party in Japan, for the betterment of which he gave most of his fortune.

For many years, the Seiyukai Party was the majority political group in the House of Commons. The name of the minority party which recently triumphed in the Japanese elections was Minseito. Of course, today neither party is what it was originally intended to be, and I might add that in his last days, my father was not active in the party, standing aloof from political quarrels, although he was again Finance Minister of Japan. I might say, too, that the Seiyukai Party originally was the party of the farmers and was regarded as liberal because it was willing to try new things, like the American Roosevelt. The Minseito Party represented the merchants and was regarded as conservative, like the American Hoover, being slow to try new things.

Of course, the Army and the Navy, which recruit their men from both the farmer and the merchant people, exercised their own political influence. Sometimes they agreed, and sometimes they did not.

When my father was active politically, he made many campaign speeches which were very well received. Always in these talks my father confined himself to the issues involved and never spoke ill of anyone. To discuss personalities in a campaign, he felt, was like the trifling gossip of housewives gathered about a well, as in the old days, to do their washing.

But I do not wish to talk too much politics, since my father would not like it. Those matters he left in his office. The incidents of which I write my father and I discussed together in our villa at Hayama where we went when the pressure of business was not too great.

Hayama is located thirty miles south of Yokohama. About ten years ago, the trip from Tokyo took two hours. Today it takes only fifty-five minutes, showing the great improvement in our railroads. This railroad line, like many others, is now electrified; throughout the Empire the engines are all made in Japan, and the trains are so punctual you can set your watch by them.

There is a difference, too, in the scenery, from what it was a few years ago on the way to Hayama. Formerly, one looked out of the train window at beautiful fields of green. Today, there are factories and factory smoke curling upward to the sky. It is not so pretty, but it shows progress.

At Hayama my father usually would relax and spend much time with his family, children and grandchildren. According to the habit he had acquired in childhood under the training of Mrs. Takahashi, he would arise very early in the morning. He would take a walk in

the garden first, and then return for his morning bath.

We spent a great part of the day talking and walking on the beach. But my father did not, in fact could not, swim. Once when he was a little boy, he had nearly been drowned in a swiftly-rising tide, and from that day he did not like the water.

When my father was still president of the Seiyukai Party in Japan, the famous rice controversy occurred.

Rice to the Japanese is like bread to the Americans. Because of its importance, therefore, my father favored restricting the operations of brokers who forced the prices up and down at will. Sometimes they would sell and drive the price so low that the farmer could get nothing for it. Then they would buy at this low figure, and force the price so high that the people could not buy it. While wheat in America fluctuates in much the same way, I understand that the price of bread into which the wheat is made has been almost the same for twenty years.

Now Mr. Hamaguchi, then president of the Minseito Party, did not wish the brokers to be interfered with, and he called on my father in the House of Commons to explain his opinion of the rice situation.

"Ask the rice," my father told him, meaning by this that in the nature of rice and its importance as a foodstuff would be found the answer to the problem.

Today, while brokers are still permitted to operate, there are restrictions on their ways of doing business.

* * * *

All the things my father did, he did in the interest of His Imperial Majesty, the Emperor, and for the benefit of the people. If it was necessary for him to impose or advocate a hardship, you can be certain he was ready to share it.

Two years ago, he gave up smoking

—almost all his life his most favored indulgence. Being Finance Minister, he felt obliged at that time to make certain reductions in the national budget, and this met with opposition from those who said they needed the money in their particular functions.

"I, too, can make sacrifices," my father said, "if the occasion demands it."

So as a symbol of this willingness, he gave up smoking.

My father was not a believer in large government contributions for the poor, thinking that it weakened their initiative and even their ability to get along by themselves. A year before his death, a delegation of thirty village magistrates from different parts of Japan, called upon him in his office in Tokyo, demanding larger relief appropriations.

"Why do thirty of you come?" my father asked them. "Why not only one? If it cost each of you \$50 to come here, by not coming you would have saved \$1,500, and that would feed many families for a while."

Where relief money was urgently needed, of course, my father believed in providing it, but he preferred that this be done in strictest secrecy, which is the way the Rothschilds helped the poor in England. He did not wish the Japanese people to lose their independence.

* * * *

I last saw my father on October 24, 1935, when I sailed for America to join the New York staff of Mitsui & Co., Ltd. He said to me:

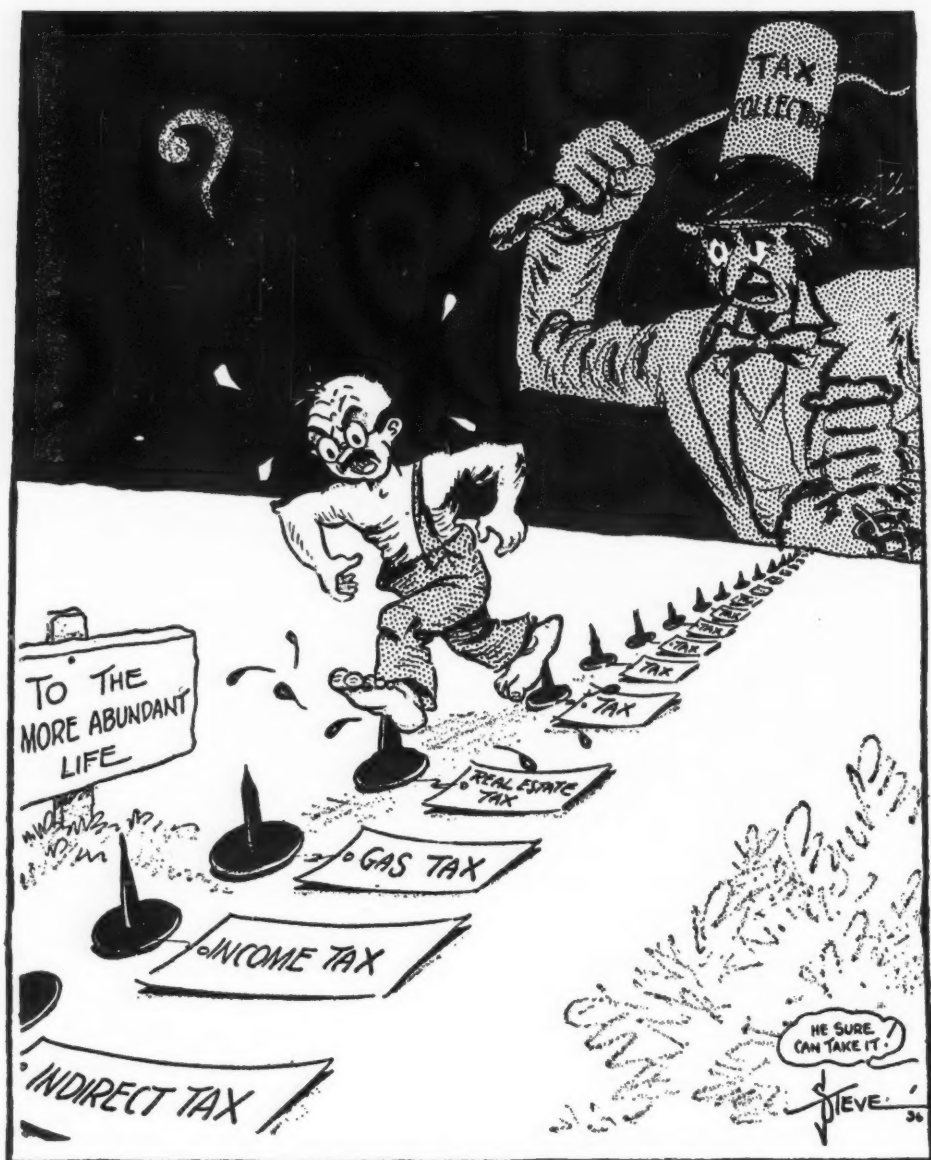
"My son, I am a very old man. It

may well be that I shall die while you are in America. Do not come home. There is nothing you could do about it. It is my wish that you remain in America until you complete your term of service. Work hard, work honestly, and never give up."

Last February, my father and Viscount Saito were assassinated. It was the work of a few young army hot-heads. This, Americans must understand, for a nation must not be held responsible for what a few will do or say. In Japan there are assassins and people who cry "War!" They are Japanese, but they are not the Japanese people. The Japanese nation does not settle its differences with murder; it does not rattle its saber at the world. At home and abroad Japan wants the way of peace. Only when it must will it make war.

My father's assassins were incensed because he cut down the military budget. If they were right, I must hold them blameless. If what they did will benefit my country, I cannot regret my father's death. Yet I can see their act only as a very stupid blunder which can have its only benefit in the prevention of such things in the future.

Still the deed is done. All but its lesson must be forgotten. I see a very old man stabbed to death in his sleep. He is my father. He has esteemed his Emperor. He has served his country well. The weapons that take his life were made to protect his country from its enemies. I shut my eyes. I feel sad. Never, I hope, will it happen again. It is a disgrace to Japan.



AND THE WORST IS YET TO COME

—Syracuse Post-Standard

MORTGAGEE, MORTGAGOR

By LEON M. SILER

Explaining the new "borrower's market."

LIQUIDATION of mortgagors is on the wane. The foreclosure juggernaut has slowed down, though by no means has it come to anything resembling a dead halt. In the next depression there will be less picking of mortgagor bones than has added to the gray tinge of the last six years. At least the mortgage business is being streamlined toward that end.

The streamlining traces mostly to Washington, but for reasons which do not seem to invite much argument by private mortgage money, it is being subscribed to, and even aided readily by private money's managers.

The most compelling reason is that several billions of private mortgage money is painfully in need of a home, and it is costly for sums in ten figures to haggle over terms. This reason overlaps a possibly less obvious one: the fact that the 1930-1935 foreclosure tableau held up to public gaze the somewhat poisonous characteristics of certain mortgage business practices of yesterday, and that a great many citizens were set to thinking thereby.

So borrowers who merely listened and signed in days gone by, now have ideas of their own to advance on mortgage matters. The lenders are the current listeners. It is a mortgagor's market.

The over-all interest rate reduction for the nation-wide mortgage debt of

about \$33,500,000,000 probably is approaching two percent as this is written. A one-year Federal-sponsored rate of three and a half percent for farm loans becomes four percent on July 1. For a total farm mortgage debt now estimated at \$7,775,000,000, the average rate is somewhere between four and five percent, compared with an average of nearly six and a half percent on a peak debt of more than 9 billion dollars in the preforeclosure era. The Federal influence has established five percent as a sort of standard for home loans, on a total mortgage debt now well under 18 billion dollars. The rates for mortgages on income-producing properties such as office buildings and apartments, remain subject to more or less localized bargaining, and still vary widely on a debt totaling probably 8 billion dollars.

Stripping from the mortgage business a great variety of fees and commissions is an important phase of the streamlining process. Relegation of the second mortgage in large part to economic history, and the substitution of single, amortized, long-term mortgages for the camouflage of short-term loans with frequent renewals, has been the road away from fee-and-commission sleight-of-hand.

Fees for applications, surveys, title searches, title guaranties, appraisals, original grants, renewals—these and

numerous other garbs have been worn heretofore by bills which hard-up borrowers were called upon by not-so-hard-up lenders to pay in connection with mortgage negotiations. Few such fees will survive the surgery which the mortgage business now is undergoing.

Life will be considerably pleasanter for mortgage loan correspondents of insurance companies as well as for borrowers with the passing of the fee-and-commission epoch. The correspondents—local agents delegated to hunt mortgage business in areas where insurance concerns had no branch offices—for years were forced to depend upon fees and commissions almost exclusively for their personal earnings. The insurance company mortgage departments with which they did business would not allocate to the correspondent a portion of the mortgagor's interest payments. The correspondent was working for the insurance company, in truth, but it was up to him to pick the purse of the insurance company's customer for his pay.

It has dawned upon the insurance companies now, that this practice was not conducive to goodwill, and it is being abandoned. Though rates are lower, the pay of correspondents will come out of these rates in the future.

Perhaps it will be established, before the mortgage industry's general overhauling is complete, that the most fundamental of all mortgage procedures in the past was out of line. The Federal Farm Credit Administration thinks so, and has made loans accordingly. The FCA theory seems susceptible of application to loans on all income-producing property, and with various twists to home loans as well. It is the theory of "normal value."

Nearly all mortgage arguments relate primarily to appraisals and interest

rate—one or the other, or both. Private lenders long since fell into the groove of permitting appraisals, or percentages of appraisals used in determining loan amounts, to "follow the times." This of course meant high loan values in "boom" years, low values if hard times came.

Governor Myers of the FCA has told of the departure from this practice under policies of the Federal Land Banks and the Land Bank Commissioner:

"One of the soundest things we have attempted in the farm mortgage field during the past two years has been to base our refinancing of farm debts on normal earning power. The Federal Land Banks and the Commissioner have loaned money in line with average yields and with prices that farmers might be expected to receive during the period for which the mortgage runs."

A simple way of putting it is that farmers have been able to borrow on a basis of what the lender thought farm realty values ought to be over a period of time, rather than merely what they seemed to be on some particular appraisal day. The land banks chose as a guide to "normal earning power" the commodity price levels which agriculture enjoyed from 1909 to 1914.

Governor Myers observed that the policy meant "lending with courage"; if with seeming liberality in hard times, then with seeming conservatism in boom times.

It should not be difficult to progress from farms to places of business and places of urban residence in drafting "normal value" formulas. If courage needed a bulwark, perhaps recourse might be had at not too great expense to the relative certainties of trial and error. Possibly it would even prove worth while to explore the idea of fixing home loan values on the normal

earning power of the owner over ten or twenty or thirty years, with life, health, and job insurance in the background.

There are no rolls of honor listing all the casualties in the foreclosure wars. Here were unsung dead if ever there were any. A commonly accepted figure is that five hundred thousand home owners were foreclosed in 1932 and 1933. The average debt was \$3,000. Probably half as many farmers, their debt averaging \$5,000, were left by the foreclosure wayside in the same years.

Because of corporate ownership uncertainties, anybody's guess is acceptable as to the number of persons hit by foreclosures on business property.

Home losses continue at a rate which, though sharply down from the 1932-1933 peak, still is three times the "normal" of 1926, and suggests that more than three quarters of a million home owners will have been turned out before the foreclosers are through with their current work.

Experience has been gained by mortgagees, of course, while all these enterprising people—assuming that anyone who builds or buys a home or business structure, or runs a farm, is enterprising—were being singed, browned, or blackened in the red fires of the foreclosure courts. Detailed statistics on mortgagee grief are lacking, but a few conclusions are fairly obvious.

In the typical foreclosure, the mortgagor has lost everything, the mortgagee has saved something. If principal amounts of debts have been scaled down by mortgagees to help the mortgagor out of his predicament, the loss has been comparatively slight: up to twenty-five percent on farm mortgages, and an average of about \$300 on home mortgages.

The mortgagor often has literally lost more than everything. Not only

has his equity been wiped out, with his savings and insurance surrender values usually included, but deficiency judgments have placed a lien on his future earnings.

The forms of mortgagee recovery, on the other hand, run a lengthy gamut. Even the quarter of a million persons who bought \$700,000,000 of "guaranteed mortgage participation certificates" from New York City's amazing collection of boom-time "guaranteed mortgage" concerns will get much of their money back some day. Lots of them may get it all. And theirs was the type of mortgage investment furthestmost from elemental business soundness and common sense.

Foreclosures on a large scale have not proved unfailingly profitable. It was with more than mere whimsicality, perhaps, that the convention chairman of the Mortgage Bankers Association of America addressed delegates to its annual assembly last winter. He referred to them as representatives not only of the mortgage business but also of "that new born side-line, the development of real estate sales," and a subsequent speaker termed them "members of the national association of building managers."

Major lenders, such as insurance companies and banks, are ready in many localities to testify that foreclosure campaigns meant greater expense in meeting court costs and tax arrears, making repairs, writing down investments, and finding new purchasers—and this with staffs unaccustomed to such duties—than might have resulted from closer and more painstaking attention to the problems of their debtors, and concessions to help solve these problems.

Tales still are told in the financial districts of big American cities of how affiliates were secretly launched by the less scrupulous mortgage concerns to

absorb profits from foreclosed real estate, then just as secretly abandoned when it became evident rather quickly that there weren't going to be any such profits.

It necessarily is true, however, that by sniping tactics and careful discrimination, many foreclosers have been able to reward themselves handsomely at mortgagor expense. Their profits will mount as real estate again becomes saleable. In several States there has been no legislative or other effort to prevent use by mortgagees of the vicious "deficiency judgment" weapon, and it has been freely wielded.

Where the foreclosure era has brought a curb on such judgments, notably in New York, the ill wind has blown a bit of good.

A New York mortgagee no longer can bid in the property of his debtor on foreclosure sale at a purely nominal sum—say \$250 on a \$7,000 house with a \$5,000 mortgage unpaid—and in addition to getting the house back, obtain a judgment for \$5,000, less the \$250, to be paid out of any funds that come the mortgagor's way in the future.

If the mortgagee doesn't offer the actual value of the house at the time of the sale, the mortgagor now can require court determination of this value and have it offset when the amount of the deficiency judgment, covering the remainder of the mortgage debt, is fixed. The New York legislation is temporary, but in all probability it will be made permanent. Similar legislation already exists in other States, and in a few cases courts of equity have acted to protect the mortgagor in the absence of specific statutes.

Laws temporarily restricting foreclosures remain in effect in most of the States. The common pattern for these moratoria is a suspension of the foreclosure right during a specific

period of emergency, conditioned on mortgagors continuing the payment of interest and taxes.

Large defaults in payments on principal of mortgage debts have piled up where such moratoria are in force, creating a problem yet to be dealt with. There is now widespread opinion among advisers of lending agencies that prompt knifing of interest rates and scaling down of principal would, as a rule, be preferable to moratoria in times of prolonged mortgagor distress, for the benefit of all concerned. The success with which the problem of the deferred payments is met within the next few years will shed light on the question.

In the Canadian provinces of Manitoba, Alberta and Saskatchewan, the legislatures which suspended foreclosure rights took occasion, in the same laws, to provide machinery for voluntary negotiations between mortgagees and mortgagors looking to reduction in the principal amounts of indebtedness.

The Dominion Parliament went further than the provincial legislatures and even further than the Frazier-Lemke act of the American Congress in seeking to aid mortgage-shackled farmers. The Farmers' Creditors Arrangement Act gave power to a board in each province, each board headed by a judge of the Superior Court, to enforce the scaling down of mortgage and other debts of farmers. The act, however, may meet the same fate as did the original Frazier-Lemke measure in the United States. After the Canadian election of last year, the new government referred the act to the Dominion's Supreme Court for an advisory opinion as to its constitutionality. As this was written, the court had not yet delivered its opinion.

The "sacredness" of contracts and the inviolability of property rights,

whether the national economic weather be bright or stormy, of course are the constitutional foundation stones of foreclosure rights. The foundation was severely shaken in the emergency which now seems passing to its final stages. Almost certainly it would not survive another such experience. But a more intelligent ordering of mortgage affairs such as now seems under way will help shield both sides of the mortgagee-mortgagor partnership from the next hurricane.

With the total face amount of outstanding mortgages undergoing severe contraction, facilities for handling loans have been expanding. This is another powerful influence for a borrowers' market.

The contraction since January 1, 1932, exceeds \$6,500,000,000, if Washington estimates are correct. The home loan total alone is down \$4,300,000,000, the Federal Home Loan Bank Board explains, because old debts have been paid off in large amounts, while few new loans were being made, because foreclosures wiped out a billion and a half of obligations in two years, and because of the scaling down of debts as a kindly deed, or to obtain bonds of the Home Owners Loan Corporation.

Meantime, there has been a business of building many new shelves on which to lay away mortgages when, and if, purchased.

Eight agencies of the Federal Government now are concerned directly or indirectly with home loans. National banks now may lend on real estate up to one hundred percent of their capital and surplus, or sixty percent of their time and savings deposits, (whichever maximum is greater), and may use mortgages as collateral for loans from Federal Reserve banks. Federally devised plans for insurance or mortgages handled by private lending agencies,

and of savings deposits in certain of these agencies, have provided savings-and-loan and building-and-loan associations with fresh strength.

Insurance companies and savings banks generally have come unscathed through the dangers which were pictured for them only a year or two ago whenever debtor-relief moves were discussed, and are eager to exchange great hoards of cash for stamped paper.

Correspondents of major insurance companies for months have been urged by the home offices of these companies to keep "A-1" loans in force whenever possible, using every legitimate foresight and every legitimate argument to head off payment. A spokesman for nearly one hundred and fifty companies recently offered the specific suggestion that correspondents look at least a year ahead to the maturity dates of important loans, and spend that much time if necessary in persuading the borrowers that loans should be renewed instead of discharged.

The insurance companies aren't so eager as this to make five-percent loans on a basis of eighty percent of appraisals, it is true. With the savings banks, they aren't ready to follow the Federal Housing Act pattern that far. Their mortgage departments still cling to "about sixty percent" of appraised value as a "practical limit" for loans, and for this measure of liberality, they prefer to charge five and a half percent interest.

If the amount of the loan is reduced to half the appraised value, the interest rate drops to five percent, and in consideration of the increased safety of an advance of only forty percent of value, the insurance company lender will accommodate the borrower at four and a half percent.

These quotations are timed with the arrival of spring. They may change by summer, or by fall.

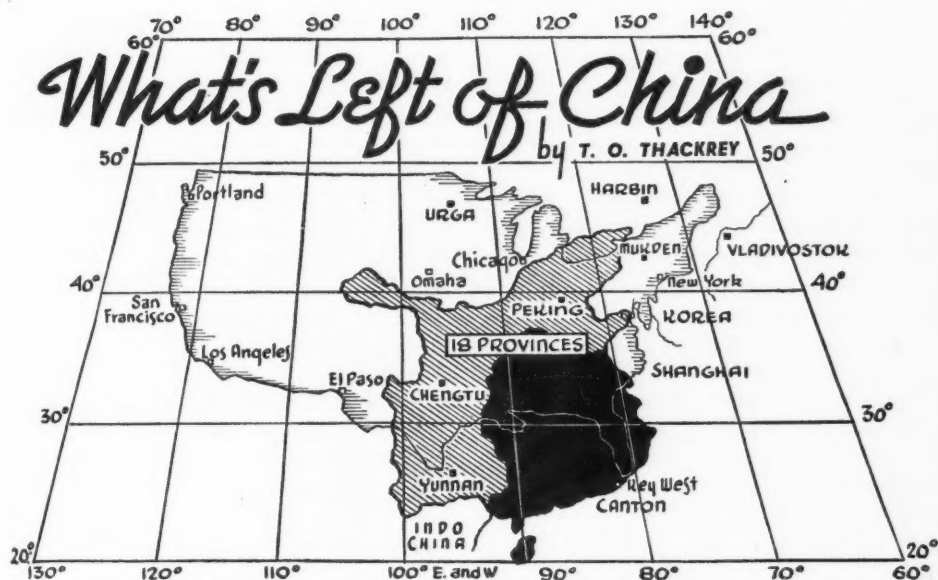
Competition closer to Government offers on percentage of appraisal, and with interest rates given a further shaving, doubtless can be found among private lenders in most localities by dint of letting it be known that a would-be borrower is at hand.

How close to present prevailing loan terms the revamped mortgage business will "jell" remains to be seen. Strange things might happen if the demand for loans should continue to shrink, or if new schools of mortgage thought, inspired either by profit-seeking or by ideas of a more abundant life, should break the present lines.

The home builder who needs financial aid, profits by more than liberal terms these days. Incidental services of one sort or another are available to him nearly everywhere, some of them elaborate and costly. They have been developed particularly by building-and-loan associations and similar agencies as business-attracting bait.

Federal spreading of the home-building service idea began a month or two ago with the Home Loan Bank Board supervising experimental plans in scattered home-loan institutions. As the suitability of this plan or that is determined, it will be made available through Home Loan banks, and perhaps other channels, to mortgage concerns generally. Typical services will provide plans and specifications at moderate cost, aid in selecting sites and materials and in letting contracts, and supervise and inspect construction work.

That's the situation today. Only a short stone's throw back in current annals, your mortgagor, so many a speaker and writer had it, was about to pull the world's house down about its ears by his failure to meet on time what were often very unstreamlined obligations. He was the hour's prize villain. But now that the skies are clearing he is back at the top of the list of indispensables.



How the China of today would appear if viewed on a transparent globe, looking through the United States. The black area is China. The lined area represents lost or disaffected territory. Mr. Thackrey tells the story of modern China—America's "great potential market."

WHEN the funeral rites have been concluded over the section of North China that was the Manchu seat of government for several centuries, China will have been reduced to an area about half the size of the United States for the first time in her written history, which extends back to 1120 B.C., some believe to 4000 B.C.

The potential China market will have been cut by another hundred and fifty million people to a little more than two hundred and fifty million.

We have been dreaming about the potential China market for 152 years, ever since the "Empress of China" sailed from New York to Canton in 1784, the first American built and owned merchant vessel to drop anchor in Celestial waters. Even then the

dissolution of the Chinese Empire had been going on at the hands of Western civilization for three hundred years. Nearly forty years before the turn of the twentieth century—in fact exactly forty years before we fought the Spanish-American War—we signed an agreement to maintain the territorial and administrative integrity of the Empire.

Our declarations in favor of the Open Door in China, and the agreement that we should receive every advantage accorded to any other nation—the most-favored-nation clause—were contained in our first formal treaty with China nearly a score of years before that in 1844.

These fundamental principles of our official attitude toward China were so

forcibly restated by Secretary of State John Hay in 1899 that he has been popularly credited with having originated them. Since that time the Chinese Empire has collapsed and the Chinese Nation has replaced it. The transformation has resulted simultaneously in a stronger national unity and feeling, and a decided shrinkage in the areas over which the recognized government of China holds sway.

We have repeated our guarantees of China's territorial and administrative integrity on half a dozen occasions since then, and have formalized our policy in at least three international treaties which we engendered.

China has come today to feel, rightly or wrongly, that there was a stronger obligation upon us to discover some method of maintaining those guarantees than devolved upon any other power, and that either through inability or intent we failed to keep that obligation.

She feels that we broke another obligation to assist in maintaining the stability of the world silver price, when in the face of dozens of strongly worded protests from China our Congressmen continued to prate at Washington about the tremendous increase in buying power our Silver Purchase Act would give to that nation's "potential customers." Our purchases under that Act, which without doubt drained the country of silver, forced the country off the silver standard and sent her into a desperate alliance with the English pound in a struggle to maintain a stable currency, were regarded as deliberately unfriendly acts, which further upset the economics of the nation.

And China today has other quarrels with us. Protesting our traditional friendship and sympathy for the struggles of the Republic—which bears no resemblance to a republic in fact—we

have continued to stand with the other powers in insisting upon extraterritorial privileges while at the same time claiming our isolation from them in all things.

One of the most important factors in our bewilderment in China today must be said to be that our dream of a modern nation has begun to materialize—with results which are quite contrary to those which we have pictured traditionally. The inexhaustible reservoir of customers, with modern desires and an appreciation for modern methods has indeed been evolved. But the customers are clamoring for Chinese goods, for protective tariffs, for industrialization, for development of China's own resources. And when those demands cannot be met within the country, they are turning more and more to Japan and to Russia for manufactures.

The vision we had of the potential China market was a market in which we could sell our manufactured goods, and our superior foodstuffs, taking in exchange silk for our own use and tea for trading with England.

The China market which is developing under our eyes is one which produces, through improved Western methods, as great a quantity of wheat as we do ourselves; which is growing tobacco and cotton in increasing amounts and of improving quality; which is most eager for capital and for machinery credits on which to build her own workshops; which is fighting desperately to become self-sufficient; and one which has powerful manufacturing nations, nearer at hand than America, from which she can buy an increasing amount of expert advice and instruction, to say nothing of factory goods.

The modern government which we envisioned has developed, too—along lines more nearly Fascist than Republican. And with it has come careful

planning for economic independence, and a need for revenue which is resulting in rising protective tariffs against foodstuffs and goods which can be produced at home, and almost prohibitive tariffs against goods which cannot.

Modern China was granted tariff autonomy in 1929. Immediately the five percent average tariff on the value of imports was discarded in favor of a more discriminatory scale.

The latest report of the American Economic Mission to China shows that in recent years higher rates on manufactured goods—except for cotton piece goods, a selling market Japan preempted from England after patient instruction by English piece goods experts and importation of English weaving and printing machinery—have been the rule, while lower rates have prevailed on machinery and capital equipment.

Raw cotton, chiefly imported from America, and spun principally in Shanghai, where fifty percent of the industry is owned outright by Japanese, and another twenty percent controlled by Japan, pays thirteen percent duty at China's Open Door; gasoline pays 188 per cent, despite the fact that China produces no petroleum of her own; kerosene pays 175 percent duty; softwood lumber pays 38½ percent; motor cars (passenger) pay 40 percent duty; wheat pays 17 percent; wheat flour 30 per cent; canned fruits an average of approximately 65 percent; and rayon 80 percent.

Our own import duties on the chief China products, including most grades of tea, raw silk, tin, wood oil, oil seeds, sausage casings, bristles, and antimony are better than low; these items are on the free list. Egg products we charge a prohibitive rate and linen embroideries are charged up to 90 percent.

Our development in China within recent years has been to encourage the transportation of capital to China, setting up factories, assembly plants, utilities and transportation lines within the country. Capital has recently become somewhat hesitant, even American capital, because of the growth of that national spirit we had dreamed of in terms of buyers for American made goods. For China now demands that at least 51 percent of the capital stock of any corporation operating within China shall be Chinese. This does not necessarily mean that 51 percent of the capital shall be subscribed by Chinese. It means merely that ownership-control shall be so held.

As for the potential market we have been watching develop for 152 years, we bought, last year, approximately twice as much from China as she bought from us. The figures are \$38,000,000 for our exports and \$72,000,000 for our imports. In 1932, 1933 and 1934 we did a larger total business and had a favorable balance of trade. But prior to that time we bought more from China than she bought from us, invariably, and this year's trade had returned approximately to the 1929 level in total volume.

America's Stake in China

We have a capital stake in China, of course, despite the fact that our railway investments are negligible, while England, France, Belgium and Italy, to say nothing of Japan, have been financing railways for years with indifferent success and chiefly out of Boxer indemnity funds. We have no Boxer funds. We returned them to China in 1900 to insure our eternal friendship.

A Chinese Railway Mission is now in America seeking credits up to \$200,000,000 for railways and is negotiating here for long-term credits.

China still can use railways, despite the tremendous difference in cost which makes highway development seem more attractive to her in most instances. It costs a maximum of \$3,000 and a minimum of \$1,000 per mile for motor highways, while the minimum cost of constructing a two-foot gage railway is more than \$3,000 per mile at best, with standard gage construction running from \$18,000 to \$45,000 per mile. Land costs, of course, are not figured. In China even today the compensation for right-of-way land is negligible.

But China today has only one track mile of railroad to every 300 square miles, with a population of 70,000 per track mile. Great Britain has one track mile to every $4\frac{1}{2}$ square miles and for every 2,200 persons; America one track mile to every $8\frac{1}{2}$ square miles and for every 3,300 people.

The development in motor roads of all classes—90 percent are not hard surfaced—has been phenomenal, approximately 47,000 miles of usable motor roads having been opened since 1933. This figure is approximately the total, there having been almost no national road system until that time, although Chekiang in Central China had a well-developed road plan in 1929.

But T'ang Leang-li in his "Reconstruction in China" points out that even at the rate of 15,000 miles annually, it will take China forty-two years to reach the average for the world, 280 years to reach the United States standard of road development, and 560 years to attain the standard of road mileage (compared with area and population) now established in the United Kingdom.

A share of our capital investments in China is in utilities and communications. The largest telephone system in China, and the largest electric light and power plant are both in Shanghai, and

both are American owned. So is fifty percent of the stock of China's largest commercial aviation line. The picture of the formal protection for Americans and American investments in China is illuminating.

Until the National Industrial Recovery Act was passed, American capital in China was not guarded against bad judgment, but it escaped certain onerous taxes at home by going to China. Under the China Trade Act we encourage the development of corporations with headquarters in China to compete with similarly owned corporations organized under British, French, Japanese and Italian law. The National Industrial Recovery Act failed to exempt China Trade Act Corporations from capital stock, excess profits and dividend taxes. The American Economic Mission has started a fight to get the tax exemptions reinstated.

At any rate, more than \$200,000,000 in American money left this country to settle in China under American protection. It is still there, although it might be difficult to realize on the value of the investment at present. But what there is, is there under guard of the flag, the Army, Navy, Marine Corps, State Department and Department of Commerce.

America still maintains more than 2,000 marines and over 1,000 regular army men on Chinese soil, the Yangtze patrol in Chinese waters, and the whole Asiatic Fleet, approximately 6,000 gobs in all, within easy calling distance to see that 11,000 American citizens living in China (and the \$200,000,000) enjoy the privileges of American citizenship undisturbed.

In addition the Government spends half a million dollars annually for consular, Department of Commerce and Department of Agriculture agents in China, as well as for the maintenance

of a United States Court for China to settle all legal disputes with or between Americans, and to handle criminal cases in which Americans are involved.

The Asiatic Fleet is complete with a submarine division, gunboats and destroyers, and much of its time is spent on the China coast, paying regular calls to Shanghai and to Cheefoo. Not only this, but in the belief that American shipping in American bottoms is vital to our China trade, as perhaps it is, mail subsidies are provided to keep those lines operating profitably. There is now a movement on foot to increase them.

There is no obligation upon American capital invested in China, whether for manufacture or development, to use either American products or American labor. A plant constructed with American dollars, under protection of American law, may employ Chinese, Japanese, Russian or any other form of labor. It may use machinery from Japan, native stone, German steel, Portuguese office managers and Chinese clerks, and spend the entire net proceeds, if any, in Turkey, so far as the Government of the United States is concerned. It must be said, except for the disbursement in Turkey, that this procedure is quite as frequently followed as not.

Competition is given as the reason. If the American corporations operating in China are deprived of any of these privileges, they will, in many cases, renounce their corporate nationality and register under British, French or even Chinese law. There is a troublesome matter concerning directorates predominantly of the nationality of registration, but it can be arranged.

"New Deal taxes," reports the American Economic Mission, "are forcing American enterprises to incorporate under Hong Kong ordinances."

The total American investment in China takes no account of any outright gifts for mission or charitable purposes, famine relief contributions, and certain of our endowed foundations.

The Reconstruction Finance Corporation has a \$20,000,000 loan in China not properly included in the "investment" accounting. This loan was originally one of \$50,000,000 to finance wheat and cotton purchases from America at a time when we were concerned with our surplus.

That was the same year in which China produced a volume of wheat equal to that produced in America, although not of as good a quality for milling. With wheat, as with other items, production does not always mean availability in China, transportation costs for goods being held to average nearly fifteen times greater than the costs for haulage in America.

Chinese flour millers and wheat traders protested strongly concerning our "wheat loan," however, and cotton spinners, many of them Japanese, did not look with favor on the cotton loan; nor did cotton producers. They were afraid the foodstuffs would be "dumped" on the market, and also that the proceeds, despite caution in the wording of the loan, might be used for military purposes.

One fourth of the investment total for American dollars is in Chinese government securities. Another fourth represents enterprises controlled by such corporations as American and Foreign Power, Electric Bond & Share, International Telegraph and Telephone, and Standard Vacuum.

Tobacco companies, including American holdings in the British-American Tobacco Company, for example, represent a fair share of the investment. This company has found it politic to discontinue marketing certain of its brands under its own name in China,

despite local manufacture in Shanghai, and now markets through a Chinese Corporation—the Wing-Tai Vo Tobacco Company. Tobacco imports are taxed 10 percent on entry, but the real tax has just begun. The rolled tobacco and consolidated taxes on cigarettes, coupled with tax evasion by certain Chinese manufactures, increase the burden.

Pan-American Airways owns 49 percent of the stock in the China National Aviation Corporation, one of the few entirely profitable commercial airlines in the world. And yet Pan-American has been trying unsuccessfully for more than two years to obtain permission to land its trans-Pacific Clipper ships in territory controlled by the recognized Government of China.

Included under the full protection of American law and military forces for what they may prove to be worth, or to cost, are innumerable Delaware, New Jersey, New York and California corporations which have their entire establishments in China, spend most of their funds there, obtain a certain amount of their capital there, but which are under no effective control and undergo no close supervision such as theoretically would be exercised by their parent States if they were located nearer home.

There are trading companies, exchange houses, shoe stores, merchandising establishments, banking institutions and the like, all presumably complying with the letter of the law by returning to their States of incorporation by mail attested annual reports of physical condition.

These are not China Trade Act corporations, but claim American protection in the capacity of citizen. One such, a trading corporation operating under the title of a bank, but including in its group a trust company incor-

porated under the China Trade Act, a real estate company and a finance company, is now being liquidated in Shanghai. Depositors of cash may get as much as five cents on the dollar. Stockholders will get nothing. Two jail sentences have been pronounced on the principal officers by the American Court, but the failure of this unsupervised institution has dealt a terrific blow to American prestige—one out of all proportion to the actual size of the capital invested or even to the admittedly large losses sustained.

Although the mission investments are difficult to calculate, it is estimated that somewhere beyond \$50,000,000 would represent the actual American investment in physical property. Mission schools are permitted to continue operating in China today, but only if they have registered with the National Government, accept appointments from the Ministry of Education and discontinue the practice of including religious education among the required subjects for graduation.

England and Japan in China

Both in actual capital invested and across the customs frontier, our keenest competitors at the moment for the China trade, are also our best customers for products manufactured in America—Great Britain and Japan. They rank first and second among the buyers of our exports. Great Britain's investment in China is five times our own, and Japan's about double, excluding Manchuria. Until 1935 China was our seventh largest customer. Our investment within the country represents just two percent of our investment abroad as a whole, provided the Army, Navy and Marine Corps maintenance figures are excluded.

The difficulties attendant upon capital investment in China for Americans include labor trouble in the industrial

centers. Contrary to the common belief in America, there is a very strong union labor movement in China, including the maritime trades, which perhaps have the strongest unit in the China Federation of Labor today.

Strikes at the British American Tobacco Company and the Shanghai Power Company, to mention only two affected American concerns, succeeded in the one event in shutting down one factory branch permanently, it would appear—and in the other, in the replacement of Chinese with Russian labor. There were 211 strikes in Shanghai alone during the closing month of last year involving more than 80,000 workers.

Our present position in China, together with our announced policy, can be appreciated more fully through a glance backward over some of the highlights of China's experiences with Western civilization, and the atmosphere in which the framework of our own relations was first constructed.

It must be fully understood before we leave the present for a moment, however, that China is still 90 percent agricultural; that even in the cities twenty cents a day is a better-than-average wage for the head of a family; that copper coins with a value of a little more than 700 to the dollar are the real media of exchange and the base on which a majority of wages are calculated; that there is an improvement in literacy, but that a score of local dialects or separate languages are spoken despite a common classic language, intelligible only to approximately two percent of the people, and that the largest circulation claimed by the largest Chinese language daily newspaper, printed in the most densely populated area in the world today, is 165,000, with a sale price equivalent to $1\frac{1}{2}$ cents when first printed and one quarter of a cent 12 hours later.

The Chinese Empire, it must be remembered, was a system of tributary states. Traditionally, it was the world. Actually, it encompassed most of it in Asia. French Indo-China, Annam, Siam, Burma, Tibet, Mongolia, Manchuria, Formosa, Korea, the Dutch East Indies and even the Philippines have been lost at the hands of Western civilization, while large areas still remaining nominally a part of China—North China, Inner Mongolia and sections of the northwest and west, for example—are alienated in fact.

Disintegration

The first European treaty signed with China was by the Imperial Russian Government in 1689, but almost two centuries before then the disintegration had started. In 1516 the Portuguese fought a successful battle at Canton and took a permanent leasehold on Macao, still a Portuguese colony. In twenty-seven years more, Spain took the Philippine Islands. In the middle of the eighteenth century, the British East India Company began to trade at Canton and inaugurated the series of trade rules and raids which resulted in the Opium Wars, after 20,283 chests of opium, which British traders had landed for sale, were destroyed by China in 1840.

At the end of the wars, Great Britain took Hongkong, an indemnity of \$20,000,000, and opened the country to foreign trade. Canton, Shanghai, Amoy, Foochow and Ningpo, all coastal towns, were established as ports of trade for all foreigners by treaty. At the suggestion of the Chinese themselves, a "most favored nation" clause was inserted in the British agreement.

The original draft of America's first treaty with China was signed two years later on July 3, and formalized in

1844. Not only was the "most-favored-nation clause" a feature, but so was the privilege of "extraterritoriality." Under the last named agreement, Americans, together with French, British, Japanese and other nationals of strong countries, have been subject only to their own laws and to trial by their own courts in China.

Taking advantage of the Taiping (Great Peace) rebellion, in which more than 20,000,000 persons were slain—the most costly civil war in terms of human life the world has ever known—France and England joined forces in 1857 in another opium war. Opium was legalized. Kowloon, on the mainland near Hongkong, was given to Great Britain; eleven more treaty ports were opened.

Anson Burlingame, first American minister to reside in Peking, was accredited to China in 1861 by President Abraham Lincoln. In 1863 he became alarmed at the rapid partitioning of China, and formulated America's first positive stand against further aggression. His language is reminiscent of that used in every succeeding American treaty with China.

"I brought the question," he wrote in 1863, "to the attention of the British and Russian ministers, and since his arrival, to the French minister. I am happy to say that I found my views accorded with theirs and that we are now on this most important question in perfect agreement.

"And this agreement is a guarantee of the territorial integrity of the Chinese Empire."

Within the next ten years France took Cochinchina, invaded the ancient kingdom of Annam, another tributary state, using riots against French priests as an excuse, conquered Tongking, and in 1886 declared the whole of the territory under French protection as French Indo-China, the form in

which we know it today. Great Britain, not to be outdone, took Burma. And between them, France and Great Britain partitioned Siam and detached it from the Chinese Empire. Meanwhile, Japan, the bright pupil of the Pacific, was improving herself after the Western fashion. She joined the party in 1894, whipping China so soundly that she felt she was entitled to Formosa and the Liaotung Peninsula. She also charged an indemnity of \$158,000,000 for the lesson. Russia was aghast at Japan's success and promptly forced a showdown under which a cash indemnity was substituted for Port Arthur and the peninsula. Formosa was not mentioned, and Japan retained it.

Immediately afterward, Korea declared her independence from China and passed first under Japanese protection and then completely under Japanese domination. Russia obtained rights to railway construction in Manchuria, and France to build the Yunnan railway which even today drains this rich western province through French Indo-China to the sea. Germany got railway rights in Shantung to the exclusion of other powers. British, French and Belgian financiers obtained the right to build the Peking-Hankow railroad.

"Spheres of influence" were established by the foreign powers among themselves. In 1899 Secretary of State John Hay decided that America's "open door" policy and her program for the territorial integrity of China had been ignored too freely by other hopeful nations also on their way to the potential China market.

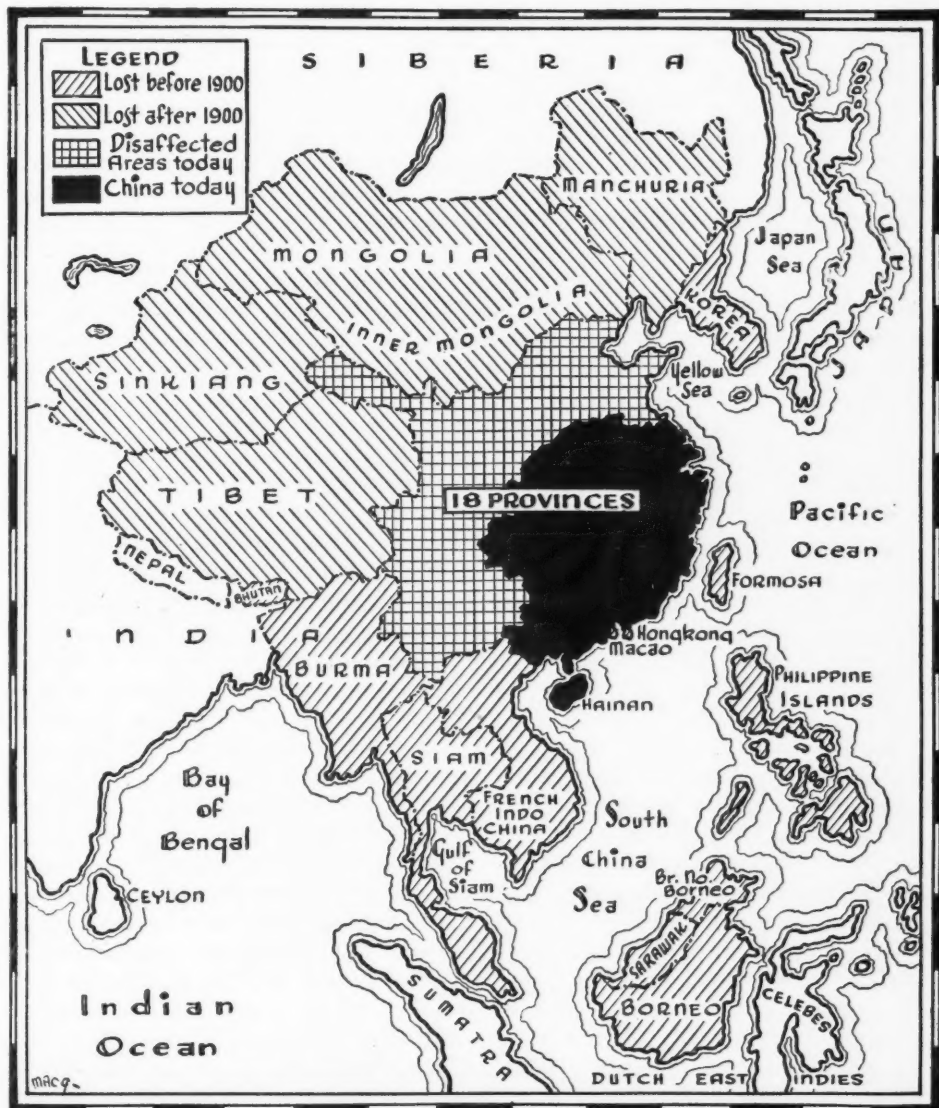
He issued a circular note to the other powers providing an explicit agreement that the territorial integrity of China, her right to collect customs and her sovereignty would be held inviolate.

It was immediately after Secretary

Hay had spiked this plan that the Boxer incident, caused in part by the foreign railway concessions, occurred. At its conclusion a levy of \$350,000,000 was exacted from China as an indemnity. The United States promptly returned its share in order to cement friendly relations, and a portion of the funds was used to send Chinese students to America. The right to sta-

tion foreign troops in Peking was granted and new railway concessions were obtained.

In 1911 the Manchu throne was overturned by the Revolutionary Armies, and China settled down to a protracted period of civil war, arising over the right to rule in the name of the people. A constitution was drafted, but never adopted, giving the people



the right to assembly and to free speech.

The World War now was approaching. Japan was busy industrializing herself with the aid of British machinery and technical advisors in the piece goods trade. China offered to join the allies. Japan, uneasy over the prospect of a modern, Western-trained Chinese army, frowned on the proposal. China sent labor battalions to the front instead. Japan hastily stormed the German stronghold in Shantung—Tsingtao—took the German-manned forts, hustled the German defenders off to concentration camps as prisoners of war, and claimed the entire province as her own.

So far had she progressed that Secretary of State Lansing on November 2, 1917, agreed with Viscount Ishii that "Japan has special rights in China," and soon afterwards at Versailles, President Wilson consented to Japan's formal acquisition of all former German holdings in the Far East under mandate, including Shantung.

Japan was elated. Her own "Monroe Doctrine for Asia" was formulated and publicly announced. The following year she issued the forty-eight hour ultimatum to China which contains the now well-known "Twenty-One Demands."

The first four demands were accepted by China. They included:

Free surrender to Japan of all former German rights throughout Shantung, including all railway concessions.

Consultation with Japan, and her consent to any change of policy involving any third power with regard to Manchuria and Mongolia.

Japanese partnership in the Hanyeping coal mines, the richest in China and among the most valuable deposits in the world.

Compulsory employment of Japanese advisers in national matters.

These same demands, in substance, including a strong suggestion that China recognize the State of Manchukuo, again were being presented to the Central Government at Nanking in March this year.

America was genuinely alarmed at the "Twenty-One Demands." She immediately invited the Powers, including Japan, to the 1921 Washington Conference where the combined pressure of all Powers forced Japan to relinquish Shantung. Once more the conferees signed a treaty guaranteeing to preserve China's territorial and administrative integrity.

Japan had committed herself to nothing about railway interests, so she promptly negotiated a private agreement with China's Anfu clique, a distinct political group, whereby she retained the former German railway lines in Shantung and the Port of Dairen as well. Within a short time, she had completed agreements to sell the Shantung railways back to China, taking treasury notes in payment!

While these moves were under way, the Kellogg-Briand treaty designed to outlaw war as an instrument of national policy, and the Nine-Power treaty, assuring, on paper, a static state for border lines, were signed.

Chiang Kai-shek emerged as victor in China's internecine wars and, swinging as sharply to the right as the Hankow government of 1927 had presumably been to the left, forced the expulsion of Communist members from the Kuomintang, and began his practical and successful dictatorship on the Mussolini plan, supported by the country's largest banks and bankers, ably assisted by his brothers-in-law, Dr. T. V. Soong and Dr. H. H. Kung. No sooner had he reached an agreement with the nominal ruler of Manchuria, Chang-Hsueh-liang, son of Chang-Tso-lin, for an entente with the Central

Government under the Kuomintang flag than Chang-Hsueh-liang was in full flight and the Japanese in charge. China boycotted Japanese goods. Japan invaded Shanghai.

Recent events have shown clearly that Japan intends to insist upon a régime in North China completely favorable to her will, with Inner Mongolia a buffer between the North and Mongolia.

Tibet and Sinkiang have declared their complete independence of Nanking, although maintaining commercial relations with both China and Russia. In Chinese Turkestan and Mongolia, even the monetary values are based on the ruble, the trade is with Russia and the economic advisers are chiefly Russian.

China's Red Armies, against whom the might of the otherwise unoccupied National Troops has been thrown for three years, are further from the center, but still control a considerable area—now chiefly to the northwest and far west.

Szechuen uses Central Bank notes exclusively as far west as Chengtu, although the provincial troops still mutter about home rule and the rights of autonomy. Yunnan nods to China but continues to be an economic vassal of France.

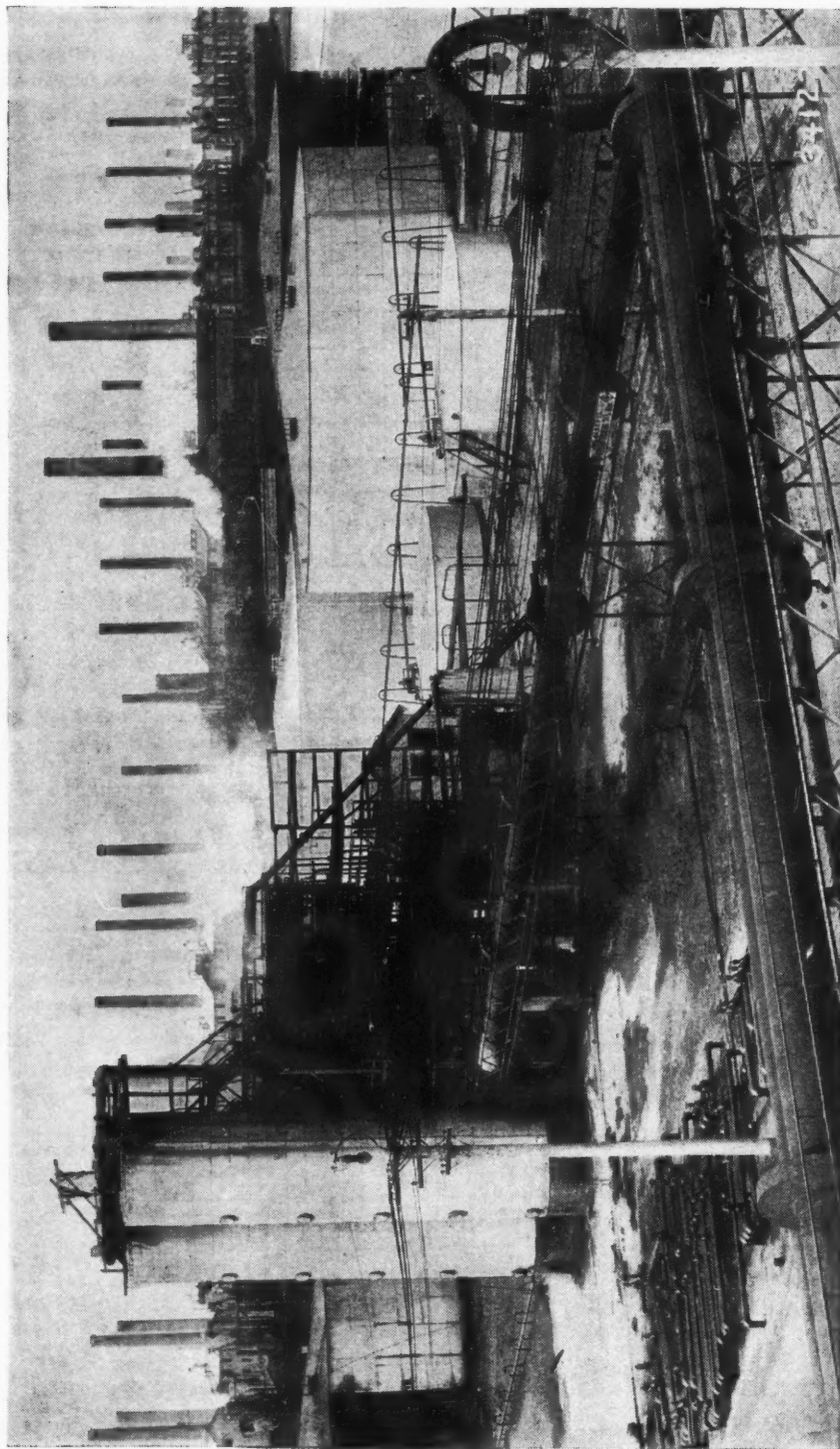
Kiangsu, Anhwei, Hunan, Chekiang, Fukien, Kiangsi, Honan, Kweichow, and a fair share of Szechuen provinces may fairly be said to be under control of the National Government at Nanking. Yunnan is Nanking's child but France's vassal; Hopei Shantung, Shansi, Kansu, are neither completely alien nor yet of the Center. A battle, both military and economic, ranges

over Shensi, railhead of the latest East-West railway extension. Kwangtung, center of which is the southernmost capital, Canton, is held in check, but loosely.

Within the borders of the Central provinces, and within the framework of the Central Government, amazing strides have been made in the direction of modernizing the form of government and the appearance of its housing. In Shanghai a model form of civic development has taken place under the direction of Mayor Wu Teh-chen—one which bids fair to attract a major share of Shanghai industries, and is prepared to offer harbor facilities superior to those of the foreign settlements remaining.

The Government there, as well as for the whole area unified under Nanking, may be called for, but neither of nor by the people. The great mass of people still seek what they seek in every nation of the world—freedom from the burdens of hunger, poverty, taxation, and repression.

The day of the American merchant trader in China can fairly be said to be passing, and the day of the international financier and dealer in capital goods dawning. Meanwhile, the formulators of American policy, with an eye on the potential China market, are still engaged in one of the world's most peculiar international poker games. The value of the chips is known only before they are played to the pot. It is even more complicated than that. Even if we should try to cash in and quit, the banker is still to be found, and it takes a brave man to risk a shot in the back while fumbling for the exit.



© American Petroleum Institute

VIEW OF A LARGE REFINERY: "He Who Owns the Oil Will Rule the World"

OIL

the story of liquid gold,
with some notes on sanctions

in the Wheels of Empire

By LEONARD M. FANNING

WHETHER accoutered for war, or garbed in the robes of peace, the world in modern dress heavily depends on a malodorous black liquid—oil.

Oil from the earth means power to move and lubrication to move more easily. Trireme and war chariot, cruising yacht and touring automobile, the machine in the factory and the machine in the home, all are in need of it. Modern lighting and heating need it. Wherever you look in this age of machines and wheels, of enlightenment and comfort drawn from mechanical appurtenances, there you will find petroleum in one form or other.

People of all nations must have oil in proportion to their industrial development and international power ranking.

Nations with oil production, or assured oil supply, have a tremendous economic advantage in peacetime. Theirs is a voice that must be heard if, through the League of Nations and by neutrality legislation, the economic sword is to supplant the steel blade in deciding international issues.

Let us examine, first, the extent of world and national dependence on oil, and, second, the position of the principal countries with respect to their oil resources.

Oil has been known to man for countless centuries. When man's only engines were his own muscles; before

he commandeered the horse and the dog and the ass for power; before he invented wheels, the chances are he came across seepages of oil in his Asiatic wanderings. But until the nineteenth century, petroleum was used only in a limited way by peoples close to oil showings. They dug wells by hand, using the oil first for medicine and, in a small measure, for illuminating purposes.

Even with the Industrial Revolution which gave man the steam engine and countless mechanical contrivances to increase his production and to spare his weary muscles, petroleum lay virtually undisturbed beneath the surface of the earth. Textile machinery, the rolling mill, the reaper, the sewing machine, shoemaking machines, countless machine tools, the power printing press, the paper-making machine, the railroad and the steamboat were already accomplished facts before petroleum became an article of commerce.

It was in 1859 in the forested wilderness of western Pennsylvania that the first well was drilled for oil. The success of this method of tapping underground oil reservoirs started the modern era of petroleum development.

The chemist of that early day analyzed petroleum as a substance yielding on distillation a burning oil (kerosene), lubricating oil, and paraffin wax. The world then was lighted by tallow

candles and tallow and whale-oil lamps. Coal-oil had come tentatively into the picture, and manufactured gas was just around the corner.

Although in those days reading was for the few, while most people could not write, population had grown enormously, and to meet the lighting needs, however meager, of vast numbers of people was a problem of the age. Whalers of New Bedford, Salem and Nantucket, seeking to meet the demand for sperm-oil, long since had killed off the sperm-whale in nearby waters, and their harpoon guns now sounded in the Arctic. Extinction of the whale—and with it one of man's chief sources of light—was threatened.

Hence the first oil boom was based on world demand for an illuminant, and for a long day thereafter petroleum development was identified essentially with kerosene. Ten years after the first drilled oil well, American kerosene had penetrated into every corner of the civilized world; the New England whaling ship had struck her flag, and the world had turned from the tallow candle and sperm-oil lamp to petroleum. Never had transition been faster. It had taken civilization centuries to progress to a point but a step removed from the pine torch and the hearth fire for light and heat. Now, in almost a day, it seems—in reality, within a dozen years—the world was out of darkness. Gas light and heat and electric lamps fed from a central power station took hold in cities. Yet, kerosene could penetrate where these could not, and until well into the twentieth century, as an illuminant it alone had virtual dominance.

Now, in the making of kerosene, other products were yielded from the crude oil. There were the petroleum gases, the light explosive gasoline, or naphtha products, the heavy fuel oil and lubricating oil fractions, the wax

and coke and, in some crude oils, the tarry oils and asphalt. How could these products be converted into usefulness?

As late as the 1880s, factories still employed animal and vegetable oils for the lubrication of machinery. Wheezy steam engines similarly lubricated and served by long lines of little horizontal boilers were stoked hour after hour by men stripped to the waist. Melted beef fat for valves and pistons, and lard oil or castor oil for bearings, had done well enough for the early engines. The same was true of lard oil, whale oil or olive and rapeseed oil for light machinery. But as engines and machines increased in power and speed, the heat caused fatty acids to form and these ate into the metal bearings. At best, tallow oil supplied a profuse amount of lubrication at irregular intervals. It was applied generally as a result of distinct groaning of the valves or of the pistons. Burned bearings, breakdowns, were frequent. Clearly, animal and vegetable oils had reached their limit.

Oil Points the Way

Power and speed! Engine design and metallurgy were showing the way, but one essential feature was lacking—lubricants which would permit available speed and power to be used. Within the next ten years, the science of lubrication, the mechanics of friction, was established, and the basic lubricants became specially processed and compounded petroleum oils.

The importance of this development is not merely that it supplied a market for a by-product of petroleum refining; it gave the machinemaker and designer the material that enabled them to pursue with increased vigor the trend of machine and engine design toward greater speeds and heavier loads. It enabled industries which

were straining at the leash to apply machines and engines to the productive tasks for which they were designed.

In those years much occurred to reflect the smoothing of the oilways for machine progress. Machines of all kinds—agricultural, industrial, domestic—were invented and put to work. The steam turbine, the electric dynamo and motor arrived. Animal and vegetable oils gave way to petroleum oils. In mine and mill, for locomotives and cars, in fact for every wheel that turned, the basic lubricants were mineral oils and greases. Without these lubricants the Machine Age never could have come to fruition.

New Markets

Markets were found for other products of petroleum. Wax went into candle-making; was used for waterproofing, for preserving, for laundry work, and entered into the making of chewing gum and matches. Medicinal oils, like vaseline, for external use, and liquid petroleum, for internal use, were prepared for the drug market. A petroleum ether was derived which was employed in hospitals for surgical cases requiring a local anæsthetic.

The heavier naphthas, or gasolines, were used as lamp oil or stove naphtha. Also they went into oilcloth and varnish making—the beginning of a wide application of these products as solvents in the paint and varnish industries. They were employed for dry-cleaning.

In nearly every industry, as chemical processing assumed modern form, petroleum derivatives began to be used, in one or many ways. Viscous oils assisted the new processes of ore-concentration. Great quantities of gas oil were used in the making of manufactured gas, thus offsetting to some extent the invasion of gas against the

kerosene product. Power stations, large and small, began to apply mineral oil of high quality as an electrical insulator and conductor of heat in static transformers, and also for the purpose of quenching arcs in high-tension switch gear.

Special soluble oils came into use in the lubrication of machine tools, in the polishing of metallic surfaces, in the oiling of wool and other fibers, in the coloring and glazing of tiles and bricks and pottery, in the oiling of leather, and in the manufacture of soaps, perfumes, disinfectants and various pharmaceutical preparations. Even before the motor age, petroleum asphalt came into use as paving, and road oils were used for laying dust.

Then came the gas engine.

In all but fruition gas engine invention was a contemporary of the steam engine. Inventors were playing with the idea at the time of Watt (1770), and as far back as Papin (1680). Actually, it arrived a century later. In that elapsed century hardy pioneers tried dauntlessly to establish automotive transportation by means of "steam wagons." Eventually, the light steam automobile made real headway; it was heralded throughout the world in exciting news of road races in France in the early 1880s. Then it was that the gas engine came into being, and whereas a hundred years had gone by since Watt's first steam engine, scarcely a day elapsed before the invention of Lenoir and Otto was put on wheels.

In the sense of their rivalry in the field of automotive transportation, the steam engine and the gas engine were contemporaries. How intense that rivalry was—with the electric vehicle at one time giving both a close run—is almost forgotten today. That the gas engine won, is due to petroleum, the making of a suitable fuel—gasoline. The oil man brought up the reinforce-

ments that turned the tide of battle from defeat to overwhelming victory. In fact, it is conceivable that the gas engine would not have arrived for the battle had not petroleum gasoline and gas engine development paralleled each other. Previously gunpowder, benzene from coal, street gas and the like were used by experimenters in attempting to develop the principle of the gas engine.

At first a pleasure craft, looked upon as a toy or an effete luxury, the gasoline motor car swiftly gave man a new means of transportation for himself and his goods, in many respects more comfortable and flexible, and cheaper than the railroad. It became a necessity. In America it revolutionized our whole social life; converted a continent into a neighborhood; brought the farm to the city and the city to the suburbs and the farm. And in making the best use of the wheels he had invented, man also built a modern system of highways, financed almost entirely on a cash, pay-as-you-go basis by automobile license fees and State gasoline taxes.

Today road vehicles are crowding other forms of transportation just as the railroads crowded the canal and the stagecoach less than a century ago. The trolley and cable car, the electric interurban, the short-line railroad, have given way to the passenger motor car, the motor bus and the motor truck. And in industrial and agricultural application the gas engine has widely supplanted steam as a prime mover.

Conquest of the Air

In man's conquest of the air, petroleum for fuel and lubrication plays an equally important part. The Wrights' first aviation engine was nothing more or less than their own home-made automobile engine. But as the service re-

quired continuously of airplane engines exceeded that of automobiles going down the racing tracks at highest clip, and as engine weight had to be kept down, engines of special construction were developed. Early engines were fueled by a highly volatile gasoline and lubricated with castor oil.

The World War took flying out of its swaddling clothes. Fast fighting machines, powerful bombers, were needed. The trend for lighter, more powerful engines was suddenly accentuated. Machines went into the scrap heap almost as fast as they were built, so intense was the competition between warring nations. When the United States entered the war in 1917, the Liberty motor was developed and built on a mass production basis, and American petroleum engineers developed special aviation fuels and also petroleum lubricants which supplanted castor oil.

Throughout the civilized world after the war, passenger airlines were built. In the United States the first air-mail service was established in 1918 between New York and Washington. In 1920 New York and San Francisco were linked with a 32½-hour westbound and 29-hour eastbound air-mail schedule. Shades of the pony express! In 1860 the swiftest express riders and stagecoaches carrying the mails from the Mississippi—the farthest west of the railroads—took two weeks to deposit a letter in San Francisco. The best the modern transcontinental railroads could do from New York to the Pacific was about 100 hours. The airplane, like the pony express at mid-century, like the railroad a quarter of a century later, with its swift mail communication, united the nation in closer bonds.

Out of the World War came continuing aviation researches by the military departments of the principal nations. The U. S. Army Air Corps

progressively has succeeded in developing the aviation engine for substantially increased power without increasing size. Cooperating with the Corps are American petroleum refiners who have developed specification fuels which have made these developments possible. Such standardized aviation fuels have become available to commercial aviation. On regular passenger planes today you span the continent in anywhere from fifteen to eighteen hours—about half the time of the first fast air-mail plane. You travel on luxurious airliners flying transoceanic routes. The gasoline of today in increasing the power output of the engine, while involving no increase of engine weight and permitting a decrease in fuel consumption, makes these achievements possible. More speed and less gasoline, greater cruising radius, more pay load—here is one of the secrets of the advances that continue unabated in commercial airline transportation.

Oil on the Seas

In the marine field even before the World War, the maritime powers were beginning to turn to oil as against coal for fueling steam-driven ships. Saving in useful space, in labor cost, in fueling time and longer cruising radius and greater speed, were all factors in favor of oil. Great new sources of heavy fuel oil were developed in Mexico and California, and oil-bunkering stations were being established wherever ships of the sea put in. The war hastened this change. There was a wholesale conversion of naval and merchant ships alike to oil-burners, and the accelerated shipbuilding programs called for oil-fueled ships throughout the world.

The navies of the Great Powers became oil-burning almost overnight. Even coal-producing countries, such as Germany, France and England, built

only oil-burning ships for use in international trade. Petroleum's revitalization of maritime commerce in the era following the World War is comparable to steam's victory over sail.

Oil as a fuel also invaded the railroad field. On the Pacific Coast and in the Southwest, where close proximity to oil fields and remoteness from coal fields are factors, oil-burning locomotives came into use and are still exclusively employed on many great lines. Similarly, oil came into wide use to generate steam in power and industrial plants. Indeed, as electricity, in relation to power, is symbolic of a mechanical age arrived, so petroleum as a power fuel wears the dress of modernity. Power, electrical and mechanical, with its necessary concomitant of efficient and cheap fuel, has not only meant man's release from muscle power, but the placing within his reach of food, clothing, shelter and transportation formerly denied him. Such is petroleum's relation to industrialized civilization.

Even as these epochal developments were transpiring, one of greater importance as applied to the use of petroleum in the industrial and transportation fields was launched in the diesel engine. An internal combustion engine, as is the gas engine, the diesel operates on a different combustion principle and uses, instead of gasoline, a heavier oil, usually fuel oil. It is called the most efficient prime mover ever made by man.

During the World War Germany's diesel-driven submarines attracted wide notice to this engine, and after the war shipbuilders were quick to adopt it. Within recent years diesel engines have largely displaced steam plants in large passenger vessels and fast freighters. Today the great ocean liners are diesel-driven. Many of the great American fleet of tank vessels

carrying petroleum and petroleum products use diesel power. The revolution that began with the adoption of oil fuel in ships takes its ultimate expression in this engine, directly oil-fueled and giving direct power.

The diesel also has entered the railroad field. Diesel engines are employed for switching service, and for passenger and freight hauls, obviating the necessity of electrification. The stream-lined diesel locomotive has made new railroad history. In power and industrial plants, diesels of varied design are being widely employed.

The diesel holds future promise in airplane development in competition with the gas engine, while in one branch of the automotive field—heavy-duty trucks and buses—it is making real headway. Will the diesel supplant the gas engine in passenger automobiles? Not for some time, at least. But whether gas engine or diesel engine, the fuel that gives it power is derived from petroleum.

Striking, indeed, in the social and economic revolution that has come with man's acquisition of mechanical power and mechanized transportation is the importance of oil. But the greatest transformation has occurred in the last quarter of a century. The very acceleration of change in recent years rests upon the availability of suitable lubricants and fuels.

In America recently an additional significant use has been made of oil. This is in home furnaces. It came about through the development, shortly after the World War, of an automatic oil-burner. Not since the invention of the furnace one hundred years ago has there been a development of such vast social significance as that of automatic heating and its related enterprise, air-conditioning. The immensity of the stride which takes us from an age-old familiarity with household drudgery to

delegated robot labor, and which gives us automatic control of the room temperatures in which we live, is almost too great to grasp. It may yet rank as one of man's greatest advances since his discovery of fire.

A World's Dependence

To sum up, petroleum today, in its more obvious manifestations, is employed as a source of light, as a source of heat, as a source of power, as a source of lubrication, as a medicine, as a road asphalt. But this does not begin to cover its range of utilization, its contribution, by way of chemistry, to the modern world. That out of petroleum come alcohols for the hospital and the home, solvents in the making of lacquers, soaps and essential oils, products that, on the one hand, kill the parasite on the tree, and, on the other, preserve the fruits and vegetables that are shipped to us in jars, are facts sometimes less known to us, because they are so much less apparent. In recent years petroleum chemists and refinery engineers have been converting the molecules and vapors of petroleum into countless new products, which vie with wood and coal products in their range of application. Few industries there are which have not felt petroleum's influence, and the number of products of petroleum is so great as to defy listing.

Thus, we see a modern world dependent on oil. The extent of that dependence, nationally speaking, varies greatly. In no country is it more pronounced than in the United States, where the combination of large native petroleum sources and a great national industry has served to stimulate uses to a far greater extent than in any other country. The growth of the automobile in this country was made possible only by the development of

adequate home oil sources. Here there is one motor vehicle to every five persons—26,000,000 cars, as compared with only 11,000,000 the world over. Here is the largest application of diesel engines, the largest use of industrial and domestic oil-burners, the largest concentration of machines that need lubrication.

The United States accounts for about 70 percent of the world's total motor fuel consumption; 38 percent of the kerosene consumption; 56 percent of the gas oil and fuel oil consumption; 42 percent of the lubricant consumption. Our consumption of all petroleum products reaches 61 percent of the world total. Next comes Russia, which accounts for less than 8 percent; then the United Kingdom with 4 percent; France with 3 percent; Canada with 2 percent; Germany, Argentina and Japan with less than 2 percent each, and Italy with only 1 percent.

The difficulty in the international oil picture is the inequality of controlled petroleum sources among nations. We in the United States have a home oil production sufficient to take care of our needs and to allow a balance for export. We are also favorably situated with regard to South American sources, such as Venezuela, Colombia, Peru and Bolivia, and we draw on them as well as on Mexico. With the possible exception of Soviet Russia, the United States is the only great power self-sufficient with respect to native oil supply.

England, France, Germany, Italy and Japan have little or no home oil production. They are forced to import large quantities and to do what they can to develop substitutes. These countries import various percentages of their total requirements from the United States and South America. The European countries also draw in

different degrees upon the oil fields of Russia, Rumania, Poland, Egypt, Iran (Persia) and Iraq, and of India, the Dutch East Indies and British Borneo. But the United States produces 65 percent of the world's oil output, and Mexico and South America, another 13 percent. The European fields produce only 15 percent; Egypt, Iran and Iraq less than 3 percent, and India, the Dutch East Indies and British Borneo, not more than 4 percent. Hence the productive ratio favors the Western Hemisphere by three to one.

Oil in Europe

This disparity serves to emphasize the dependent position of those European countries without adequate home supplies. In their efforts to meet the situation they have thrown up a maze of restrictions and regulations. Import quotas, regulations fostering home industries, labor laws, regulations enforcing the use of alcohol or other petroleum substitutes, reciprocal trade agreements, subsidies, price fixing, taxes, and last but not least, exchange restrictions are a few of them.

With the help of Government protection, Germany supplies a large portion of her liquid-fuel requirements from coal—and, to a lesser extent, so do England, France and Belgium. Benzol, a by-product of the high-temperature coking of bituminous coal, and liquid products obtained from low-temperature carbonization of coal are produced as substitutes for gasoline in England, Germany and France. The hydrogenation of coal to gasoline recently has been successfully developed on a commercial scale in England and Germany. In both countries gasoline from coal is sold in competition with petroleum products with the assistance of subsidies.

France has led in the development of alcohol as a substitute motor fuel through the restriction of petroleum imports and subsidies to national grain producers and to the French grain alcohol industry.

Behind reciprocal trade agreements involving oil are efforts to protect home industries, to secure a favorable trade balance, and to protect currencies. Nationalistic policies appear everywhere. Aptly, it has been said that oil intercourse is "90 percent politics and 10 percent oil."

Rumania, a controlling factor in European petroleum markets under normal conditions because of the accessibility of her production, has trade agreements with Italy and Germany. She has been largely removed from her usual position because of Italy's heavy purchases to meet war needs. Russia would seem to be in a peculiarly favorable position to supply a large proportion of European requirements. But she has home requirements which normally exceed her prevailing production rate, and while she exports petroleum products extensively for revenue, her exports have declined. However, Russia's shipments to Italy have increased.

For her home supplies and her prosecution of the war in Ethiopia, Italy has also drawn on Iranian petroleum products. As these are the exclusive development of the Anglo-Iranian Oil Company, controlled by the British Government, we find that while Britain was officially recommending oil sanctions against Italy, a British company continued to supply Italy with a substantial proportion of her oil requirements. Best available figures indicate that Italy's demand for petroleum products increased 25 percent in 1935, as compared with 1934, this being chiefly supplied from Rumania and Iran. Her normal shipments from

Iran direct to Port Said for the Italian Navy and to her African colonies showed a great increase. Exports of petroleum products from the United States to Italy increased 100 percent in 1935 as against 1934. Normally, oil from the United States accounts for only about 20 percent of Italy's total requirements.

In the successive diplomatic maneuvers since Italy's war of aggression in Ethiopia, the importance of oil became strikingly apparent. Italy's troopships, which bear her soldiers to Eritrea, burn oil for the most part; her warships which protect her position in the Mediterranean use oil for fuel; the trucks which maintain the tortuous lines of communication in Ethiopia must have gasoline; the motorized artillery of the Italian Army moves on gasoline; the tanks which throw back the warriors of Haile Selassie must be filled with gasoline; and the airplanes sent by Rome cannot fly without it.

Our own Government, having passed a neutrality law and following the President's proclamation placing an embargo on the "exportation to Ethiopia and Italy of arms, armament and implements of war," has endeavored to stop American oil companies from exporting oil to Italy. We saw Britain advocate the extension of sanctions against Italy to include oil. We heard Mussolini declaim that such action would mean war in Europe. As the League of Nations weakens on oil sanctions, we see our own country abandoning its efforts to curb oil exports to Italy.

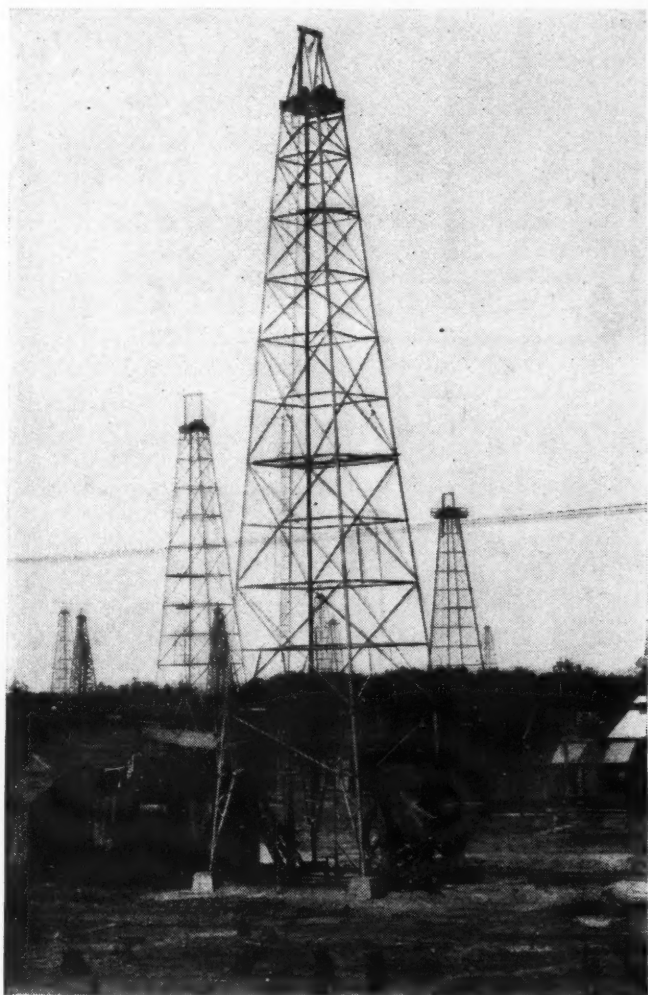
We see a new crisis arise in Europe with Hitler's scrapping of the Locarno Treaty, and we see France appealing for sanctions against Germany. Germany fought the World War surrounded by a band of steel. Oil played a major part in her defeat. To quote

Earl Curzon, "the Allies floated to victory on a sea of oil."

In the light of recent events, the observation of Senator Henri Beranger of France after the World War is of interest:

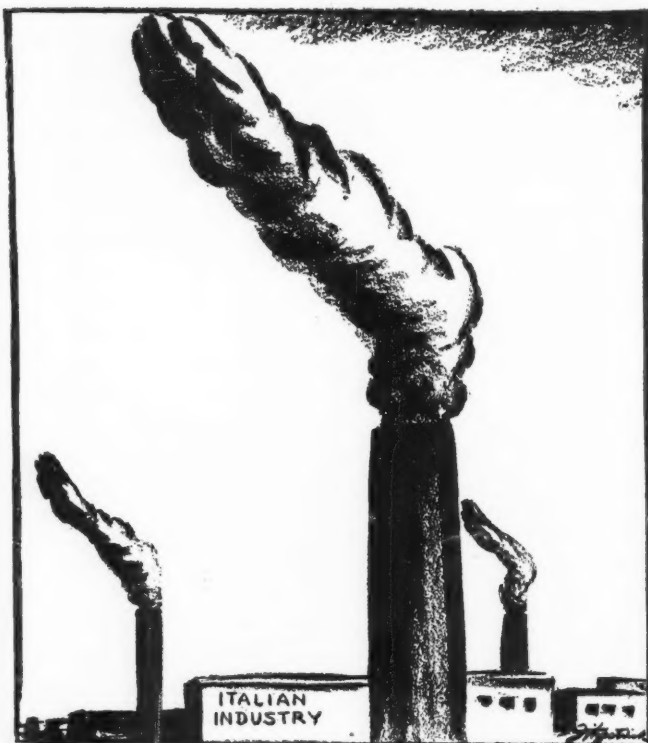
"He who owns the oil," he said, "will own the world, for he will rule the sea by means of the heavy oils, the

air by means of the ultra-refined oils, and the land by means of gasoline and illuminating oils. And in addition to these he will rule his fellow men in an economic sense by reason of the fantastic wealth he will derive from oil—the wonderful substance which is more sought after and more precious than gold itself."



© American Petroleum Institute

"Oil from the Earth Means Power to Move . . ."



**DESIGN FOR
FASCISM**

—*St. Louis Post-
Dispatch*



**NEW CANDIDATE FOR
THE POSITION OF
"FORGOTTEN MAN"**

—*By Herblock for the NEA*

© 1936, NEA

Meet the Ethiopians

By H. R. Ekins

*(From his diary of
Ethiopian War Adventures).*

THIS is the story of one of the muleback-riding war correspondents who saw Ethiopia at its best and at its worst. The best was not too good; the worst was just that.

Those of us who enjoyed the pleasures of learning first-hand of a little-known land also suffered the squalor, the fleas, the illnesses and the effects of seeing human beings in chains, cringing under flogging flails and enduring the terrors of war. We suffered disillusionment—a forgotten experience for all but the youngest in the corps of journalists at Addis Ababa, Harrar, Dire Dawa, Djibouti and the other East African centers from which news of the Italo-Ethiopian hostilities emanated.

Upon returning home, the memory of East African days and nights was sharpened incredibly by contact with home folk who, despite our reporting, remained as illusioned about Ethiopia as were we when we first set forth adventurously to report what proved to be one of the greatest failures in journalistic history.

We sailed to the strange land ruled by Emperor Haile Selassie just before Premier Benito Mussolini signaled his Black Shirt Legions to start the campaign which has since resulted in drawing tight a ring of men and steel about the high plateau on which sprawls Ethiopia's capital, Addis Ababa.

Two solid months of my time in Ethiopia were spent with the barefoot, feudal hordes mobilized to the thumping of Menelik's war-drum by the

Negusa Nagast for the defense of his ancient realm.

In attempting to answer the countless questions of those at home, my memory inevitably reverts to the actual experience into which we put so much that the effort of retelling is difficult, especially so if bias, conscious debunking, and reflection of our own disillusionment is to be avoided.

Memory—in this case an accurate diary—recalls brutal floggings I have seen with my own eyes, a late night ride through sixty miles of foreboding country with the Emperor, prayers in church and visits to the wounded with His Majesty. In addition, we were subject to fleas, quinine, rotten whisky, shady hotel keepers, war profiteers, savage warriors, and peaceful, wholly primitive peasants. I still remember my first sight of women padding off to war, the lust for blood seemingly humming in their war songs. They seemed to prove there is something ineradicably primitive and ferocious in the African, regardless of the name of his tribe.

Other recollections are of shots in the dark and in broad daylight, curses by men, women and children, accompanied by eloquent spitting, Xenophobia, unexpected rebuffs, unwarranted discourtesies and unanticipated, heart-warming kindnesses; also, gun-runners, missionaries, Yemen Arabs buying and hoarding oil for sale to Italy, and the drone of bombing airplanes overhead.

There is yet more: The awful back-biting among journalists and cameramen, all suffering from equatorial alti-

tude, inactivity, frustration and finally bitter disappointment, for after going off at tremendous expense to cover a war as no petty colonial war has ever been covered, they emerged as the victims of a journalistic washout. And then there were the brothels with red crosses as their symbols; lepers, men and women clanking along in chains; brave men and hard-working, such as E. A. Chapman Andrew, British Consul at Harrar, and the late Dr. Robert W. Hockman, American medical missionary, who died while handling a dud bomb at his tent hospital at Daggahbur; tired missionary doctors who told us Ethiopia is 85 percent syphilitic; camp fires, torrid heat, desolate deserts hugging plateau country so beautiful as to make one breathless; meals of goat meat and goat milk eaten amidst swarms of disease-bearing flies. And then:—

Radio stations open only at odd hours, Moslem mosques, Copt priests, the clash between modern armaments and ancient weapons, primitive transport, censorship, delayed transmission. And mud houses, grass and stone huts, gorgeous landscapes, incredibly clear air, city stench, camels, donkeys, baboons, monkeys, hyenas wailing at night, officials knowing nothing but "okay tomorrow", dearth of news, dust, rumbling camions, plodding caravans, personal misery.

Always there was the main thread—blacks, blacks, blacks, shuffling off to be cannon fodder and not in the least afraid to die.

There was the pondering as to why all Europe was so deeply involved in what its sponsors avowed candidly was simply a colonial war for military and economic conquest of a land enjoying the sympathy of the world—a white world turning its back on Italy to champion 7,000,000 primitive blacks in a spirit of idealism mixed

strangely with high international politics.

There was thought of the high-ranking Ethiopians who said candidly they wanted nothing of the white man's civilization, especially after they learned, through personal experience, of his aerial missiles and gas bombs. They did not want to be saved for civilization; they desired the freedom they had enjoyed for thirty-seven centuries, during which they failed to develop from the primitive—not creating anything of music, architecture, literature, nothing of the beautiful, the utilitarian, not even soap.

There was thought of the pathos of the position of Emperor Haile Selassie, dubbed "Charlie" for all of us in affection and respect by Len Hammond, the Fox Movietone News photographer-writer. His Majesty seemed to be struggling so utterly alone, and apparently in vain, to keep his country and make it eventually as he had represented, or misrepresented it, to the outside world.

And there were thoughts of countless hours with black troops, yet no sight of combat, no smell of the gunpowder without which a war correspondent is but another working reporter just a bit farther afield on his assignment than usual.

There was the forlorn remark of a Turkish General with the Ethiopian warriors, Wahib Pasha, a hero of the World War's Dardanelles campaign, who said so gloomily one day when we were demanding, literally crying for, action:

"The war is in the air; there is no front in this war!"

We never did quite figure that one out. Perhaps the Pasha was bitter because of Italy's use of bombing airplanes, against which the Ethiopians had no resistance.

All these memories welled up upon returning home to hear people ask about the Ethiopian armies, churches, country, customs, capacities, attitudes, the bombing of Red Cross hospitals, the use of poison gas, primitive acts of barbarism and the reason for the war.

In the press here in America we called the massed warriors an army. That was not quite correct, for the army on the defensive in Ethiopia is composed of the civilian population belonging to the ruling Amhara class and their feudal levies and enslaved retainers.

Ethiopia's last fight for her freedom meant simply the rallying of the people. They tore up their home stakes, such as they were, shouldered the strangest collection of fighting weapons the world has ever known, and trooped off to war in much the same manner as people in other lands would go to a carnival. Even a reporter long accustomed to the slipshod methods of warfare in the Far East had much to learn, and many misconceptions to discard when he saw primitive Ethiopia at war with modern Italy.

After months of imagining, I arrived in Addis Ababa only a few days before Emperor Haile Selassie finally called his people to arms. Following much shouting in Rome, which left little doubt as to plans and purposes, Italy had advanced on Adowa, and Emperor Haile Selassie, finally despairing of the League of Nations' efforts to save his country from attack, at last unleashed his warriors, who for months had called him the Amharic equivalent of "sissy" because he had not permitted them to take the offensive.

For the next two months we were destined to live and work with the men—and even women and children—

who responded by the hundreds of thousands to the rumbling, throbbing, booming beat of the ceremonial war drum pounded by Haile Selassie's predecessors since the days of legendary history in times of distress.

At home we had heard of an Ethiopian army drilled by hired Swedish, Belgian, Russian and Turkish officers. We knew of the Emperor's determination to defend his borders and believed he had created something resembling a modern army capable of undertaking a show-down with Italy on the field of battle. But in this we were mistaken; this so-called "army" was merely his own bodyguard. They were not the people who have since challenged Italy in the incredible stretches of stark, awe-inspiring, fever-ridden country. The regulars in the Imperial Bodyguard and the Galla Rifles sticking close to the person of the Dajazmach Nasibu, Governor of Harrar and commander in chief on the Southern front, comprised a mere handful among the 800,000 people hoping for a shot at an Italian. The people of Ethiopia, just armed hordes of petty chieftains and their retainers and slaves, including many women and children, took the field against the hated invaders.

Whole populations were transplanted. Tribes holding their isolated valleys for centuries bodily abandoned their ancestral dwellings and moved off gleefully at the news that their Emperor was issuing new rifles and plenty of cartridges that really exploded. The call to arms disrupted the economic and social life of Ethiopia. Regardless of the ultimate outcome of Italy's campaign, the country can never again be put together as it was before.

The country moved to war on foot. Whole families and tribes collected their babies, their weapons, pots and

pans, reserve food supplies and herds, to plod off to war. Many trudged hundreds of miles over desert and mountain. The chiefs rode on mules; food was carried by donkeys. But the fighting forces plodded along on feet that never had known shoes. The women, smiling, fat and filthy and swathed in soiled cotton or naked to the waist, frequently carried the rifles for their men.

Only in inconsequential numbers were warriors rushed off to the front in camions. Motor trucks were too few and the roads too bad for anything but time-honored, primitive transport. Copt Christians, Moslems and Pagans trudged off with no knowledge of military discipline and procedure and with no way of obtaining it. When out of food and unable to obtain it from the Government, they simply ate the countryside bare, or starved.

We saw mobs from Gofa, Jimma and other distant provinces swarm into the towns of Harrar and Dire Dawa, pitch their tents in the public squares, eat, rest and foul a wide area, and then trudge on to where someone had a vague notion there might be hostilities.

Often these teeming people on the march would clash with other clans and there would be civil war in miniature. A Moslem would touch an animal a Christian had killed, making the food unedible for both. A similar, equally petty event—then brawling, a few casualties and a motley nation would get its mind back on the war with the hated Ferangi (foreigner).

But the Ethiopians were brave; they were not afraid to die. They had yet to learn of Italian aerial bombs, artillery shells, gas bombs and machine-gun bullets.

They were not greatly interested in being treated if wounded. They did not even ask for a swift, sudden death.

They asked only for combat and, if hurt, for a lingering death, providing opportunity to dwell on the pleasures of this earth and the greater pleasures promised for the life to come. It was heartbreaking to see people trudging off to die with no general staff, no commissariat, no transport and few of the implements of modern war, until one was brought up short by realization that they loved it, that they were a warlike people happy in combat and who had been languishing under Emperor Haile Selassie's efforts to tame them and make them worthy of that most incongruous fact—their membership in the League of Nations.

When Ethiopia went to war, every man was literally his own army. The country's fight to remain "the last of Free Africa" unquestionably was directed by the Emperor. This little brown bearded man with the dainty hands and feet of a woman has the spirit of an eagle, the independence of a lion and the tenacity of a bulldog. He won his throne by sheer work and merit after serving for many years as Regent, a position to which he was elevated from the Czardom of Harrar Province, his own fief, by French and British influence in the African intrigue of early World War years.

Amidst intrigue, jealousy, the hatred of conservative chiefs who lived on the memory of the "good old days" of the late Emperor Menelik, Haile Selassie kept going alone, attempting to introduce reforms and trying to modernize his poor, primitive empire until Fascist Italy decided she would take it from him. Then he had to have help. He continued to run his own show with dignity and poise, and on occasion took advice from the British Raj, represented by the British Minister to Addis Ababa, Sir Sidney Barton, and his military attache, Major Holt.

Except for the diplomats in Addis Ababa and the personages he met in Europe in 1924, when he took a look at the great outside world, Ethiopia's Emperor knew of foreigners only as missionaries, explorers, scientists and a rather unkempt collection of Greek hotel keepers, Levantine traders, Indian shopkeepers and money lenders and the French officials operating the railway from Djibouti.

The Ethiopians at Court distrusted all foreigners. They regarded them as spies or people working for the partition of Ethiopia, the exploitation of her people or the development of her natural wealth.

When the undeclared war started, even while it was threatening, His Majesty collected a group of hired hands from overseas to help keep his rickety empire intact as long as possible.

In time of war, and with the eyes of the world upon his throne, the ruler of Ethiopia was concerned for the safety of foreigners in Addis Ababa, Harrar and Dire Dawa. Missionaries, traders, newspaper correspondents, gun-runners and people less easy to identify refused to leave despite the thundering of Italian guns on the borders. The Emperor knew full well the hatred of his people for all whites, so he imported French and Belgian officers to organize police forces charged with the maintenance of public order. Most of these men had served in the Allied armies during the World War and boasted decorations. Since the war, many had fallen on evil days, having failed in one enterprise or another, but they were willing to pin the brass Conquering Lion of Judah on their shoulders, don comic opera uniforms and take orders from and work for the Ethiopians.

Other former officers, generally of a better class, were in the field with

the troops as "military instructors." They liked to fight and cared not for whom they fought. They found their efforts to drill armed hordes of disorganized Ethiopians a hopeless task but they stuck to their jobs, wore conspicuous uniforms, had promises of gaudy decorations and, if more fortunate than the Emperor's erstwhile Swiss cook, might collect their pay without giving away too much in the form of "presents"—a euphemism for bribes—to the paymasters representing the Throne.

The Emperor also hired a different class. They were good, solid German and Russian engineers who built roads for him, repaired trucks broken by Arab drivers and kept what little motor transport he had in something like running condition.

In Addis Ababa he had a shrewd, capable American adviser, E. A. Colson of Maine, who was the soul of courtesy. He won for the Emperor a favorable world press without spending a nickel for propaganda, entertained charmingly at tea in his little, tin-roofed house and managed temperamental reporters by receiving them as honored guests at all hours of the day and night. He should go down as the unsung hero of the East African campaign.

It was a conspicuous fact that when Colson was not immediately at hand the Emperor had much less to say. He remained poised, apparently sure of himself, but he was reluctant to talk with foreigners in the absence of his trusted adviser. At such times he appeared to turn to his Church, the very institution which blocked the reforms he so valiantly but vainly tried to inaugurate. Rarely did the Emperor travel without a High Priest who was as much a political as a spiritual adviser, for in Ethiopia the Church was all-powerful before invading Ital-

ian columns marched deeper and deeper into the country. It controlled one third of the land, and the bulk of the wealth of the country was in its hands.

The priesthood represented a huge element in the population. As in any primitive land, statistics are inaccurate. But we were told that the churches, monasteries and convents which cover the country, supported one million monks, priests and *debtera* or deacons, while Ethiopia's population, before the outbreak of hostilities, was estimated variously at from only seven million to ten million souls.

In the eyes of any objective observer, the priests would be viewed as parasites. They were diseased, ignorant and corrupt. Many qualified observers, men devout in their own faiths, have recognized that they "serve no useful purpose and exist on the taxes raised from people working on the land." They were not called upon for military service. Their lives were anything but fit examples for their people.

His Majesty Worships

Memory recalls our first meeting with the Emperor afield. He had flown to his southern Army headquarters at Jijiga to inspect Governor Nasibu's defenses. While motoring from Jijiga to Dire Dawa by way of Harrar, he stopped off long enough to consult with the priests and worship with them in the churches where he prayed as a youth. While members of his staff and bodyguard watched silently, respectfully, His Majesty stood with bared head beside the church's outer wall. A personal servant held his *chamma* or cheese-cloth toga, stretched at arm's length to give the Emperor privacy.

He prayed as a Copt Christian of the picturesque national Church of

Ethiopia. To Christians in other lands, many of whom joined in days of prayer for the Ethiopians, that Church would not be recognized as Christian could they know it first-hand. Dean Stanley said that "Ethiopian Christianity is of a kind hardly capable of going lower without ceasing to be Christianity."

Originally Pagan, the Ethiopians have been Christian for at least 1,600 years. They claim more, for their records and legends show they adopted Judaism a thousand years before Christ, and that Matthew began the Christian evangelization of the country. But scholars generally accept 330 as the year in which shipwrecked Christians converted Ethiopia from Judaism to Christianity.

The constant, unyielding ignorance of most of the priesthood and Ethiopia's isolation for centuries from the outside world caused the original Christian faith to become a religion unique. It is a composite form of worship, having evolved through the pagan, Egyptian, Jewish, Coptic and Latin phases. All the original fabric of the Church has been coated over time and time again with a mass of gross superstition, but its form of worship is picturesque; it has endured and, whether for good or ill, has played a powerful role in the country's history.

Church ceremonies, ecclesiastical robes and furniture, as well as customs, show how clearly the many races which have mingled to make Ethiopia the madly mixed nation it is, have made the church just as much the crucible of a melting pot.

Actually, even now, the Copt Christians are in a minority. They are outnumbered by the Pagans and the Moslems, especially the latter. The few purely Semitic tribes throughout the country are negligible in number, although the Semitic strain is apparent

in all the ruling people—Amharas, Shoans and Jimmans. Ethiopian Jews are called the Falasha. They are above the average in intelligence and have developed a crude ability to work in iron. For their accomplishments they are looked down upon by the Copts, who believe the Falasha become hyenas at night.

The Shankala and Boran, Arrussi and Wollega, Galla are Pagan, worshipping a supreme deity called Wak and numerous lesser spirits called Sarosh.

The Moslems and Pagans have held to their forms of worship as tenaciously as the Copts, although many, during the reign of the late Emperor Menelik, outwardly embraced Coptic Christianity rather than have their hands and feet, or both, cut off. The converts were not inspired with respect or true belief in the merits of their new faith but by keeping their heads, they kept their hands and feet.

Ethiopia's Church is independent, although, to avert internal strife upon the death of a reigning Abuna or Pope, its head is imported from the Copt Church at Alexandria. He is literally purchased, and once he assumes his duties in Ethiopia he is never allowed to leave. The Abuna ordains the priests and crowns the kings. He presides over all religious festivals and participates in the Councils of State.

Admission to the priesthood requires no learning and no theological preparation. Payment of the equivalent of \$2.50 and a blessing from the Abuna is sufficient.

The Ethiopians of the Copt persuasion in modern times, strangely enough, have been tolerant of other faiths. The Moslems have been left in peace and foreign missionaries have not been disturbed unduly in their missionary endeavors.

Ethiopia is literally a land of

churches. Each village has at least one, and often two or three. Many priests are attached to each. The buildings, circular mud structures built inside a wall-inclosed compound, are anything but pretentious. Usually the roofs are of thatch, but occasionally galvanized iron roofs are seen. An outer gallery or veranda circles the outside of a typical edifice. Immediately inside there is an inner court, in the center of which is the Holy Place where reposes the representative of the Ark of the Covenant.

During services of any consequence the priests wear elaborate vestments. They beat large drums made of wood and hides. Others shake curious little brass cymbals. Burning incense provides the odor of sanctity. Priests chant, holding Copt crosses aloft while others sway their bodies and wave "praying-sticks."

Ethiopian Christians have 150 feast and fast days a year. Fast days are observed rigidly, but on feast days the people gorge themselves on huge quantities of raw meat and drink incredible quantities of alcoholic beverages—*tej*, a native mead made from honey, and *tallah*, the Ethiopian equivalent of beer.

In our early days in Ethiopia we were able to witness the rites of the Church, but as time wore on and the victims of Italian guns came in for funeral and burial services, the officials charged with our protection saw to it that we stayed away. Feeling ran high against the white men whose brothers had devised the aerial bombs which made the church services necessary. We were forbidden to tarry where crowds of mourners gathered.

Sign of the Red Cross

High hopes of victory had turned to despair. Ethiopians had been unable to resist the invader when he unleashed

the weapons and missiles of modern warfare. The defenders found to their own peril that not even under the symbol of the Red Cross were they safe from attack and injury and death.

The Red Cross proved to be a much-abused symbol in Ethiopia. A few of the enlightened authorities, foreign missionaries, doctors volunteering for arduous work, and advisers to the throne, attempted to preserve its inviolability. But their efforts were in vain; inevitably the Red Cross was bombed.

The Ethiopians must have learned in their own way that all is fair in love and war. While they did not understand the intricacies of international conventions, they were quick to grasp the idea, at the start of the war, that technically the Red Cross and all it was posted to protect, would be safe from attack. So red crosses were on top of buildings not used in any way for hospital purposes. They sheltered food and ammunition depots, units of combat forces and military transport. Stretcher bearers and other attendants of hospital and first-aid units went into the field armed to the teeth. A truck carrying an anti-aircraft gun and plastered with the red cross was a common sight in Harrár. So were heavily armed officers and men frequenting the stinking, narrow lanes passing as streets in Harrar. They wore red crosses on their arms and caps although there was no evidence they were attached to medical units. Sentries stood at hospital gates with bayonets fixed, bandoliers filled with cartridges and pistols stuck into belts with knives, daggers and cutlasses.

British, American, Swedish and other hospital units regarded most carefully the use to which they put the

red cross. But all the innocent suffered with the guilty, and Italy carried out her threat to disregard the sign.

The Red Cross in war was brand-new to the Ethiopians. But not the symbol itself, for traditionally it has been the sign of the brothel in Ethiopia. They say in Ethiopia that the Crusaders, returning from the wars against the infidel, passed through Ethiopia, lingered long enough to traffic with native women, and by way of returning the compliment, left the red cross of the Crusader behind as the symbol of the bagnio. While this is myth, of course, the red cross nevertheless is the symbol of the Ethiopian bordello. Such places of business were a common sight in Ethiopia and the red cross ceased to have the significance that more refinement of custom would give it. There were honest but vain efforts to adjust the situation.

Well I remember a hot afternoon when Laurence Stallings, head of the Fox Movietone Ethiopian Expedition, and I, followed the Harrar police force to a long line of brothels facing Harrar's leading church. Sweating, panting gun-bearers labored in the dust behind mounted officers who galloped up to the town's center of easy virtue, and where patiently, eloquently and instructively they lectured on the true meaning of the Red Cross and ordered those of ill repute to be removed.

But the red crosses remained. The professional women said in effect that their crosses had been their symbols during many years of established service, and if new-fangled outfits such as base and field hospitals and dressing stations wanted a sign, then let them devise a new one.

TAXES: ENGLISH, FRENCH, AMERICAN

By Edward C. McDowell, Jr.

IT is frequently stated, and generally believed, that the British and the French are taxed to about the limit of their capacity to pay, whereas the American taxpayer has a comparatively light burden, and can absorb a considerable amount of additional levies before the European level of taxation is reached.

That British and French taxation is about as high as it can go may well be true, and this is supported by the fact that taxation in those countries is practically static despite the fact that both governments usually have yearly deficits. But the idea that American taxes are comparatively small is mistaken. An examination of the facts and figures of taxation in these three countries, in their true relationship to each other, is surprising.

The enormous increase in our governmental expenditures has aroused both interest and apprehension regarding the inevitable increase in taxation which will be imposed to pay for these mounting deficits in the budgets. On the part of the average man there is a growing amount of discussion, but little understanding, as to how much he is actually paying now, and how much more he can afford to pay. The taxes of the average man who earns, let us say, about \$3,000 a year, are not generally considered to be of importance, and outside of direct taxes he has, as a rule, only a vague idea of what

the numerous indirect taxes total. Large corporations and people with high incomes know exactly how much they pay, and how increased taxes will affect them. They employ lawyers and accountants to investigate these matters and to advise. There is no lack of information, for tax records and statistics are accurate, complete, and available to all, but the millions of taxpayers do not know how to avail themselves of this information, or do not think it worthwhile to do so.

If it is true that European taxes are about as high as can be imposed, then a corresponding tax level in this country would represent about the limit to which our taxes can be raised. It is generally conceded that a so-called "soak the rich" scheme of taxation will not produce the money needed to meet present or future needs, and "average" taxpayers must carry much of this increased burden, either in direct taxes or in indirect taxes, which is to say, in increased cost of living.

The average taxpayer earning about \$3,000 a year represents the great mass of people who individually live up to most of their income. He can save but little. He is the average ultimate consumer, and the ultimate consumers have all the accumulated taxes passed on to them on everything they pay for that is taxable. An enormous amount of revenue—about ten billions of dollars in a year—is raised throughout

this country by a multitude of separate political taxing bodies. The last available count shows the number of political units empowered to levy taxes in this country to be more than 183,000. But of this, relatively few people are aware, while the same lack of information applies to the actual average tax burden.

The average taxpayers in Great Britain and France, however, are acutely aware of their tax burdens. They know just how heavy these are and govern their lives accordingly. These two nations are the easiest to compare with the United States economically. They are both constitutional democracies. But despite this similarity, there are several fundamental differences.

The differences lie principally in two things. First, the system of taxation employed in these European countries is entirely different from the American tax system. When this difference is understood, it will be seen that a true comparison cannot be had by merely placing the British National tax figures, for instance, beside the United States Federal taxes and announcing that the former is greater than the latter.

The second essential difference lies in the people themselves. The English people, and the French people to an even greater degree, live lives that are considerably modulated in comparison to the American mode of existence. The standard of living, as it is called, is lower. This does not apply to the characters in novels and movies, but to the great mass of ordinary people who make up the bulk of the population.

In England and France, people do not earn as much money as in the States, but their money goes a great deal further. The average family does considerable "scrabbling" to get by from month to month. Papa's pants

are jolly-well made to fit Willy. Many women wear lisle and woolen stockings and reserve silk for best. Luxuries are expensive. Pleasures are simple. People expect less out of life than they do on this side of the Atlantic, and that is because, in the nature of things, they have not been educated to so many luxuries. A great deal of life follows traditional lines—you might say "ruts," City, countryside and industrial enterprises—all are crowded with people who are content to accept less than they hope for, in order to get along. In Britain gambling is indulged in by all classes of people, but they do not confuse it with their daily bread. People are more settled in their lives and in their lot, and the fact that the average office boy never rises to be a director is not a cause for national alarm.

Great Britain—

In Great Britain (the British Isles except the Irish Free State) the man who earns 300 pounds, or \$1,500 a year is the economic and social equivalent of the American who earns \$3,000 a year. This statement may be protested, but it is recognized and accepted by those who have a knowledge of the standards of living and value of money in the two countries. The British Library of Information in New York City uses this ratio as a basis for comparing approximately equivalent income categories. In England people get paid about half of what they would receive in America for the same or equivalent type of work. This is especially true in the lower income brackets.

For example, a typist in England is commonly paid about two pounds a week, or ten dollars. A stenographer-typist, or private secretary, will get somewhat more—from twelve to fifteen dollars. In the United States a girl who is just a typist gets between sixteen and eighteen dollars a week in large

cities, and somewhat less in smaller places. A stenographer will commonly get about twenty dollars a week, while a private secretary gets from twenty to thirty dollars. There are, of course, exceptions in each case. This difference is true in the case of ordinary department store salesgirls in both countries, and white collar people generally. Skilled and unskilled labor receive proportionately less there than in this country, although payments vary widely. The New York policeman starts at \$2,000 a year. The London bobby starts at about half that figure. Each represents the minimum living wage for those in that class of work.

The answer to this difference in equivalent incomes is the cost and standard of living. Rents are cheaper in Great Britain than in the States. People buy fewer clothes and enjoy less expensive pleasures. The principle is carried up as incomes grow larger. But with the \$6,000 income (1,200 pounds), the difference begins to become smaller, and in due course the very high incomes are approximately the same. That is to say, the heads of large companies get about the same salaries in both countries.

Now let us look at the taxes that the British pay. They have been said to be essentially different from American taxes. The difference lies in the manner they are distributed and in the things that are taxed. In Britain, as well as in Europe generally, *income* is the basis of taxation. There are no important taxes levied directly on *principal*. People are taxed rather than things. In the United States taxes are, for the most part, *ad valorem*, that is, they are taxed on the assessed value of property, and are, in effect, a mortgage or fixed charge. The American income tax is but a small part of the whole. The chief source of American taxes is property; the chief source in

England is income. Direct taxes on land in Great Britain are so small as to be almost negligible. The British land and property revenues are derived from the income of that land or property.

The total tax revenue of Great Britain comes from two main levies—the National taxes and the local rates. The National taxes account for about 80 percent of the total revenue, and local rates make up the remaining 20 percent. All the important levies are included in the National taxes collected by the British Government. The biggest single item of these is the income tax, which is about one third of the National taxes and one fourth of all taxes, National and local.

In Great Britain for the year ending 1934, the income tax, surtax, supertax, and estate duties amounted to \$1,850,000,000. (See table "A.") This is about 42 percent of \$4,392,000,000—the total of all taxes, National and local, collected. This 42 percent is paid by a section of the population getting much more than the average income. There remains a balance of \$2,542,000,000 which is distributed throughout the entire population. If this balance is prorated on a per capita basis, the share of each person in the Kingdom amounts to approximately \$54. Thus a man with an income of \$1,500 (300 pounds) if single, will pay an income tax of about \$94 plus \$54 of other taxes, totaling about \$148 a year. If he is married and has children, he will pay no income tax, and the prorata for his wife and himself would amount to \$108. This last figure can be checked by the fact that the per capita tax for all people in Great Britain in 1934 was \$93.45. That figure includes children, people on relief, and low-income workers, and is therefore lower than the tax paid by the married man earning \$1,500.

TABLE A
TOTAL BRITISH TAX REVENUES, 1933-34
(Year ending March 31, 1934)
a pound equals five dollars

NATIONAL TAXES:	(Pounds)	(Dollars)
Income tax.....	228,932,000	—or— \$1,144,660,000
Surtax and Supertax.....	52,590,000	262,950,000
Estate, etc., Duties.....	85,270,000	426,350,000
Motor Vehicles Duties.....	30,712,000	153,560,000
Stamp-excl. of fees, etc.....	22,710,000	113,550,000
Excess Profits Duty.....	1,800,000	9,000,000
Land Tax.....	600,000	3,000,000
Land Values Duty.....	200,000	1,000,000
Customs.....	179,177,000	895,885,000
Excise.....	107,000,000	535,000,000
TOTAL.....	708,991,000	\$3,544,955,000
LOCAL RATES:		
England and Wales ('32).....	148,280,000	\$741,400,000
Scotland ('31).....	19,614,000	98,070,000
North Ireland ('33).....	1,639,000	8,195,000
TOTAL.....	169,531,000	\$847,655,000
TOTAL OF NATIONAL TAXES AND LOCAL RATES.....	£878,522,000	\$4,392,610,000

(Figures for National taxes originate from Statistical Abstract of the United Kingdom. Local Rates supplied by the Treasury of the United Kingdom.)

It will be seen in the foregoing table "A" that income tax is the British taxpayer's greatest burden. It constitutes one fourth of all British taxes, and we have seen that the remaining taxes are not burdensome.

The National taxes include a great many items which, in America, are a part of the State and local taxes. For example, the British Government bears the expense of the school system, as well as certain kinds of pensions, health insurance, unemployment insurance (the dole), and so on. It should be understood that the various estate duties, death duties, and inheritance duties are not *annual* taxes on any one, and that they do not affect the average man earning \$1,500 a year. Nor do the surtax and the supertax affect the average man's tax bill. The gasoline tax is included in the customs revenues, for petroleum is an import. It is more than thirteen cents a gal-

lon. The excise is similar to the American Federal excise and amounts to half a billion dollars. The excess profits and corporation profits tax is small and does not affect the average taxpayer. Taxes placed directly on land are so small as to be purely nominal. The Local rates are levied locally and pay for the maintenance of local roads, cost of local policing, and so on.

France

French taxation is similar to British taxation in that both are essentially levies on income. There are, of course, some exceptions. The British have only a few taxes, but they are heavy. In France taxes are more numerous, and many are heavy, but they do not apply to everyone. The various taxes on income are designed to get the greatest possible revenue from everyone without working hardships on small minorities through blanket taxes.

Considerable revenue is derived from government-owned monopolies on such things as matches, salt, and so on. Rents are extremely cheap but everyone who pays rent is taxed by the Government for an amount equal to 15 percent of his rent. Property is not taxed on its assessed value, but on the annual value of its income. Principal is not disturbed. The many fees and taxes on all sorts of things that people do, and on luxuries, are greatly balanced by the Frenchman's simple mode of living. The family finds a great deal of its pleasure in the home, and that is the centre of its social life. Bathtubs, telephones, and motorcars are not distributed throughout the population as they are in America, and considerably less is spent in every way.

The low cost of living can be strikingly illustrated. A Parisian taxi-driver, for example, manages to live on his earnings. His rates are so low that

many Americans in Paris use taxis on all occasions. Yet the driver pays about 65 cents a gallon for gasoline. The New York cabdriver owning his own taxi pays only 16 or 18 cents for his gasoline, but has to charge a high rate in order to get along. Stenographers in France earn about half the salaries of stenographers in this country, and this difference holds true in all the lower incomes, much as it does in England.

Another condition applying in both France and England is the great number of people whose income is derived from annuities of one sort or another. Many people attain a modest security by investing their savings in government securities and in insurance annuities, and are content to live on the small but steady returns.

National taxes in France are of two sorts, direct and indirect. The National tax revenues are summarized in table "B."

TABLE B
FRENCH NATIONAL TAXES
(Year ending December 31, 1934)

NATIONAL TAXES:	(Francs)	(Dollars)
Direct taxes on income—both personal income and other income from personal property.....	10,595,000,000
Taxes on transfer of property, documentary, securities, and registration fees.....	5,480,000,000
Sumptuary taxes: luxuries, amusements, motor license, etc..	542,000,000
Taxes on non-essential products, as alcohol, gunpowder, etc. (Alcohol—2,002,000,000).....	2,139,000,000
Taxes on Consumption Proper:		
Customs—5,313,000,000; Indirect taxes; Turnover tax; Special Processing tax; certain commodity and excise taxes	16,381,000,000
TOTAL NATIONAL TAXES.....	35,137,000,000	\$2,304,987,000
DEPARTMENT TAXES (1930):		
Various rates, fees, road taxes, and relief.....	4,808,000,000
LOCAL TAXES (1929):		
Octroi, local fees, etc.....	8,739,000,000
		\$878,683,000
TOTAL NATIONAL, DEPARTMENTAL AND LOCAL TAXES.....	48,684,000,000	\$3,183,670,000

(Figures furnished by Bureau de Statistique et de Legislation Comparee, Ministere des Finances, Paris.)

The income level of the average French taxpayer is just above the minimum taxable income, just as it is in England and the United States. The French equivalent of an American income of \$3,000 a year is about \$1,200 or \$1,300. The base of the French general income tax is that amount which, after deductions, exceeds 10,000 francs, or about \$625. The rate of taxation on a taxable income up to \$1,250 is .96 percent, or practically one percent. In addition to this there are several other taxes on salaries, on farm profits, and on business and industrial profits. These are not blanket taxes, however, but specific levies on specific sources of income. The doctor and the professional man of any calling pays a different tax than the business man, the tax being designed according to the nature of one's occupation. The French taxpayer is besieged by a horde of small fees and licenses. To buy and operate an automobile in France requires an astounding number of permits, fees, and the like. All contracts and legal papers must be on stamped paper, and this and similar small matters bring in a nice sum to the government each year.

It is evident, then, that taxes in France are high. On the other hand it is equally evident that the French income goes a great deal further than the same income in the United States. This is traced to the difference in living standards and the consequent buying power in the two countries. It is not a true comparison to set up an American, an Englishman and a Frenchman, each earning \$3,000, and not allow for this difference.

United States

In the United States the tax structure is entirely different from that of either France or Great Britain. The

two main differences have already been stated. First, the bulk of our taxes are levied on principal and property value. Our biggest tax—the general property tax levied by the States and localities—is a fixed charge on property which has to be paid whether the property produces any income or not. A notable exception to this is, of course, the Federal income tax, as are the few State income taxes. The Federal personal income tax is not important, however, for it brings in only one twentieth of the entire country's revenue.

Second, our taxes are distributed on an entirely different plan from the European. We really have no definite tax plan at all. The Federal taxes are not the most important taxes in America; the important ones are those levied by the States, counties, and municipalities. The opposite is true abroad. In Great Britain the National taxes are about four fifths of the total tax bill. In France the National tax revenues include almost 70 percent of the total tax revenues. In the United States, the Federal taxes total only a little more than one third of the total tax revenues of the country.

Our individual States are actually sovereign, self-governing countries, and are independent of each other and of the Federal Government in all matters that affect them within their boundaries. This is not really understood here or abroad. When our States federated they gave some of their powers to the Federal Government. This was a matter of practical expediency. But they did not give up their right to levy taxes, and the only restrictions on their power to raise revenue within their boundaries are contained in their own State Constitutions. The result is that the American is taxed many times over by the State and local governments for each time by the Federal Government.

Indirect taxes and special taxes are endless in number and are paid by all the people regardless of income. They lie hidden in rent, for example. Between one third and one fifth of all rents represents property taxes which the tenant pays. The motor vehicle and gasoline taxes exceed one billion dollars in America each year. Of this the Federal Government gets one cent a gallon, while the various State gasoline taxes average about three or four cents a gallon. Almost everything that a man, woman or child uses or enjoys costs more because of the tax which is part of its ultimate sales price. The processing taxes are passed on to the ultimate consumer.

One is astounded to discover that there are about 183,000 political units in America that have the power to levy taxes of one sort or another. They do. In New York State alone there were, at the last count, 10,688 separate taxing units at work. One reason why Chicago had so much trouble with its tax problem recently was because, within the city proper, there were more than 200 different commissions and boards empowered to levy taxes. The average annual telephone bill throughout the country contains about five dollars in taxes that are passed on to the subscriber by the company. The same is true of the electric light and gas bill. The list is long. Every time one buys a package of cigarettes, a tax of six cents is paid. If a man smokes one pack a day, which is not unusual, he pays a yearly indirect tax to the Government of \$21.90 a year. The same figuring may be applied to one's consumption of beer, liquors, food, gasoline, rent, clothes, entertainment and so on. Naturally these taxes vary with individuals and localities, but they come to quite a sum. *And everybody pays them.* The average income tax is small in comparison.

In the United States the Federal personal income tax for 1935 was \$527,000,000, or something over one twentieth of the total of all taxes, Federal, State and local. The total bill was approximately \$9,846,000,000. (See table "C.") This leaves about \$9,313,000,000 that was raised by customs, internal revenue taxes, and by all the State and local taxing units. The average man pays his share of these. How much this will amount to depends upon what State he lives in, and many other factors. But if this is prorated on a per capita basis, each of the 126 million persons in the United States nominally has a burden of about \$74.

If our \$3,000 a year man is single he pays a Federal income tax of \$68. If his share in the indirect taxes is added, his total tax burden will be \$142. If he is married and has no children he will pay a Federal income tax of eight dollars while his pro-rata of the indirect taxes for his wife and himself will be \$148. His total tax burden will then be \$156. The per capita tax for the entire United States is \$78.14.

It is evident from the foregoing analysis of taxes and methods of taxation in these three countries that few of these taxes can be compared. The different bases upon which they are laid and the varying conditions that obtain in each country make it difficult to find a common denominator that will afford a basis for accurate comparison.

It can be seen, however, that the income tax is not a common standard by which the tax burdens of different countries can be compared. The large number of indirect and miscellaneous taxes count for considerably more in the United States than in Great Britain or France. With the exception of the inheritance tax, the income tax, and a few others, the largest part of all taxes

laid are passed on to the ultimate consumer, whether in rents, intangibles or in material things.

Furthermore, in view of the immense revenues collected throughout the United States for all purposes, we see that the tax burden of the average man is larger than is generally supposed, and that this burden already approaches that of the average man in Europe.

An accurate comparison can be made of the per capita tax burdens, since figures for populations and total revenue collected are available and accurate. While the tax per capita does not represent the tax burden of the average man, it gives the ratio by which taxes per unit of population can be compared with those of other countries, and this comparison bears out the conclusion that our taxes, as they affect the average man, are not very far from the European level, if not, in some cases, even with it.

A comparison of the per capita tax burden in these three countries is given in table "C." The figures are the latest available. Figures for the United States Federal Government are for 1935; Great Britain and France for 1934; and the States of this country mostly for 1933. Two things must be kept in mind. One is that British and French taxes are practically stationary—in fact, British rates have been slightly reduced. The other is that the

United States' Federal, State and local taxes are increasing substantially.

Table "C" gives the estimated populations of the countries to correspond with the date of taxes; the total Federal revenues; total regional (State and local) taxes; and the per capita burden of each. Also, the total for the whole country and the per capita burden of the total. All figures are expressed in United States dollars. This simple comparison shows how our taxes stand in relation to British and French taxes, which are about as high as they can be.

From this it would appear that the per capita tax burden, in terms of dollars, in the United States (\$78.14) is greater than that of France (\$75.80), but still less than Great Britain's (\$93.45). With a general increase in tax rates in this country, and with new and special taxes, together with an upturn in some lines of business, there has been a still further increase in the United States per capita. With the inclusion of these new taxes and increases, figures for which are not available, it is possible that the general average of American taxes is now approaching that of Great Britain.

But this United States per-capita tax does not apply equally throughout the country. The State tax rates vary widely from each other, and since they constitute the greatest part of the taxes, the effect is to put a light tax

TABLE C

Country	Federal Tax (National)	Non-Federal Tax (State-Local)	Total Taxes (Nat'l & Local)	Total Per Capita
United States pop: 126 million.	\$3,621,000,000	\$6,225,000,000	\$9,846,000,000	\$78.14
	Per cap: \$28.74	Per cap: \$49.40		
Great Britain pop; 47 million...	3,554,955,000	847,655,000	4,392,610,000	93.45
	Per cap: \$75.41	Per cap: \$18.04		
France pop: 42 million.	2,304,987,000	878,683,000	3,183,670,000	75.80
	Per cap: \$54.88	Per cap: \$20.92		

burden on some people and an unusually heavy one on others. By crossing a State line one can increase or decrease one's taxes to an amazing degree.

Take the States of New York, Illinois, Arkansas and Washington—representative of different sections of the country—and compare their taxes. There is a wide variation, some per capita rates being three or four times as large as others. There may be sound economic reasons for this, but the fact remains that if a man earning \$3,000 a year in Arkansas moves to New York at the same salary, he will pay the same Federal income tax but will pay a State and local tax three to four times as high.

Table "D" shows the total State and local tax revenues (presumably derived from the people and property in each State), the estimated population corresponding to the tax year, and the per capita tax in each case.

TABLE D

State	Population	Total Revenue	Per Capita
N. Y.	13,059,000 ('34)	\$1,338,784,000	\$102
Ill.	7,750,000 ('34)	520,000,000	68
Wash.	1,600,000 ('32)	74,629,000	46.60
Ark.	1,860,000 ('32)	44,952,000	24.20

If we add the United States Federal per capita tax (\$28.74—see the previous table) to each of these we will get the total per capita tax burden depending upon the State of residence. We can then compare the per capita tax of a person living in any State in America, with the United States as a whole, or with the per capita tax borne in any foreign country. For example:

PER CAPITA TAXES

Great Britain.....			\$93.45
France.....			75.80
United States (average of whole).....			78.14
	State	Federal	
N. Y.	\$102	plus \$28.74	\$130.74
Ill.	68	" 28.74	96.74
Wash.	46.60	" 28.74	75.43
Ark.	24.20	" 28.74	52.94

There are a dozen or more States, the aggregate population of which is about 50,000,000, and the combined Federal and State taxes per capita of which are on a par with that of France and Great Britain. If the Federal government aims to have our Federal taxes approach those of France and Britain for the country as a whole, then it is apparent that there are already about fifty million people in this country, now paying on a European scale of taxes, who will have their per capita raised far above the European rate.

Indications are that taxes are going to increase in the United States. The present plans of the Federal Administration look forward to a Federal tax revenue in 1937 officially estimated at six billion, fifty million dollars. It is impossible to get a current picture of State and local taxes throughout the land, but it may be conservatively predicted that they will increase, too. However, let us add the latest available total of State and local taxes (\$6,225,000,000) to the latest Federal estimates. The resulting tax total for 1937 then comes to \$12,275,000,000. This is very conservative. On an estimated population of 129 million by 1937, the per capita tax burden will then be over \$95.



© 1936 by United Features Syndicate, Inc.

SPANISH NATIONAL PASTIME

—United Features Syndicate

Spain in Upheaval

by Lester Ziffren

A second Soviet State in Europe? Spain ponders the question. Mr. Ziffren reports.

LIBERAL and labor forces which gave Spain her "democratic Republic of workers" five years ago are again back in the shaky saddle of power, determinedly intent on applying their revolutionary program to the limit. The laborites trust the road will lead to Moscow and the second Soviet state in Europe.

The century-old struggle between the Lefts (workers and liberals) and the Rights (monarchists, clericals and wealthy landowners) continues unabated in Spain. The two camps, uncompromising in their ambitions, maintain the constant menace of civil war. Politics is Spain's great national occupation. It pervades all professions and even pastimes. The impetuous, sentimental, passionate-blooded Spaniard seems unable to find a middle course, and the tug-of-war leads to unrest and revolution. In five years of the Republican regime, the land of Cervantes has experienced four revolutions. In 1931, the Lefts overthrew the monarchy bloodlessly. They suffered a set-back in 1933 when the Rights swept the election boards. But the clerical elements failed to carry out vital campaign promises, permitted political ambitions to prevent approval of a budget, kept constitutional guarantees suspended for almost two years, clamped

on a stringent press censorship which effectively silenced public opinion, and saw hunger wages restored in certain agricultural districts. The result: return of the Lefts to power in February 1936. But this time the Republicans and laborites are determined to realize their revolutionary plans to the letter, after applying them only partially during their first lap in power.

The Second Republic emerged fortified by the recent elections. Royalists have virtually abandoned for the moment all hopes of restoring former King Alfonso XIII to his throne. Overconfident and overlooking realities, they visioned the return of the Bourbons. The Left triumph burst the bubble. The Republican Government is now "republicanizing" all Government departments, including the armed forces and the diplomatic corps. It is determined to keep Royalists out of key posts, if not remove them from the Government payroll altogether.

The Left-Wing of Spanish politics embraces the Left Republicans, Socialists, Communists and Anarchists-Syndicalists, constituting what was known in the elections as the "Popular Front"—anti-fascist, anti-clerical, anti-monarchical. The Socialists and Republicans brought the Republic in 1931, but they split in 1933. This year the united

front was extended to include the Communists and Anarchists. The conservatives charge that the Labor forces of Spain are in the pay of Moscow, which is said to have been flooding the country with secret agents for many years. The formation of the Popular Front—bourgeois groups leagued with the very parties whose policy is directed toward their destruction—was the big surprise of the elections. But the strange alliance was made necessary and possible by the complicated Spanish electoral law giving manifest advantages to parties that group candidacies. The Left Republican groups, despairing of obtaining seats without the support of the powerful Socialist organization, came to an agreement on an electoral pact with the labor groups without relinquishing any of their capitalistic principles. Self-defense also forced the organization of the Right bloc with Monarchists running on the same ticket with Republicans. The symbol of the Popular Front is, as in France, the anti-Fascist salute of the raised fist.

Revolutionary Socialists

The Spanish Socialist Party, efficiently organized with stern discipline, has, under the persuasive direction of Francisco Largo Caballero, a former plasterer, become the first revolutionary Socialist organization in history. Although moderate elements in the party are opposed to revolution as the means for scaling the heights toward a proletariat dictatorship, the followers of blue-eyed Largo Caballero apparently hold the upper hand. The revolutionary tendency of the Socialists even surprised the Communists and Anarchists who previously eyed their labor brethren disgustedly as white-gloved individuals. The Spanish Socialists therefore differ widely from their colleagues in Belgium and Holland who are more like Social Democrats, while

the French Second International is also less far-reaching in its demands. The Spanish Socialists derive much of their power from the Union General de Trabajadores (General Laborers Union) which they control. This national organization is composed of numerous labor unions with Largo Caballero as Secretary General. Julian Besteiro, a moderate Socialist, is its president, but Caballero has ousted him as the influential factor in its revolutionary support of the party. The Socialists, unlike the British Laborites, have offered no economic plan of government. Their objectives are nationalization of land, railways, banks, big industry and the establishment of a proletariat dictatorship. The party, founded by Pablo Iglesias, essentially an evolutionist, was modeled after the British Labor Party and its moderation rallied many Liberals to its ranks. The bloody revolt of October, 1934, demonstrated that the Socialists were prepared to abandon evolution for revolution. Largo Caballero, who is frequently called the "Spanish Lenin," is now the popular Socialist chief. The Bolshevik tendency in the party enabled an agreement with the Communists and Syndicalists for the first time in Spanish political history. Caballero, during the political campaign, frequently threw out the threat of revolution in the event the Rights won the elections, saying:

"We will continue on our path until we achieve social renovation. Capitalism is in its last phase."

A "Proletariat Triumph?"

The election results indicate that the extremists' hope for making Spain a second Russia can be realized only by employment of violence. The Spanish electorate consists of 13,528,609 voters. The total number of ballots cast amounted, according to official statis-

tics, to 9,408,514 whereof 5,051,955 voted for the Rights and Centrists and 4,356,559 for the Lefts. But the Spanish electoral law produced the election of 266 Lefts and 217 Rights and Centrists. Luis Araquistain, a Socialist close to Caballero and an outspoken admirer of Russia, said, however, in a study comparing the Russian and Spanish revolutions:

"Spain may very well be the second country where the proletariat revolution triumphs. Historic conditions in Spain are closely analogous to those in Russia at the end of the nineteenth century and the beginning of the twentieth. The proletarian revolution process is more intensive and extensive in Spain all the time. I consider its triumph inevitable within a short time."

He said that the recent elections were "for a Republic already on its march toward Socialism."

José Calvo Sotelo, Monarchist leader and Minister of Finance during the Primo de Rivera dictatorship, told an interviewer that "if there is a moment of great danger from Communist agitation, I believe the army will step in and save it if no politician is capable of doing so." He went on: "Socialists in Spain are not like those in England and Belgium. Here 90 percent of them want revolutionary tactics, a dictatorship of the proletariat. I think Spain is bound to have a dictatorship some day, but I do not know whether it will be Left or Right. I do not like dictatorships but I believe democracy in Spain will always lead inevitably to Communism. My ideal is for the country to have some sort of corporative parliament in some ways like Italy, but even more like that of Portugal."

Pointing out that the new parliament has the largest Communist minority in the world, he said, "A new social revolution is being prepared before our very eyes."

Replying to all the talk of Communism, dictatorships and revolution, Premier Manuel Azaña, thick-set intellectual with moon-shaped, impassive face, maintained in his campaign speeches that "our program is not one of social subversion but one of peace and progress."

"Fascism," he said, "is a pastime of idle, badly brought-up dandies. In 1935, the Spanish State was in the hands of those who wanted to use the State powers to destroy Republican institutions and take Spain back to the ominous times of the oppression."

"Not since the times of Fernando VII did Spain see a more ferocious, barbarous reaction. We have not proposed that the Spanish people rise in arms to reconquer their rights. Our program represents true order, political honesty, personal decency, respect for the Constitution, guarantees to the proletariat that its liberties will be respected. We are called Marxists because we defend the fraternity of the workers, because we aspire to a better distribution of wealth and land without social overthrow. We propose respect for public liberty, for a social policy, for the development of riches, placing them in the hands of those who work. We believe none of this is revolutionary."

The Socialists are not represented by any ministers of the Azaña government. Desiring freedom of movement and decision, they refrained from direct collaboration, promising instead to support the Cabinet with their votes as long as the latter met with their approval. Although the success of the Left Republicans could never have been won without Socialist votes, Azaña, chief of the Left Republican Party, insisted in a speech at Toledo that he would never be their "catspaw." Some Rights, however, fearing Caballero's revolutionary aims, liken Azaña to Kerensky, predicting the Spanish

Lenin will overthrow him when he feels the moment is opportune. Azaña would not have a parliamentary majority without the Socialist support, unless his enemies, the Rights, came to his aid. How long he will be able to appease the Marxists is problematical, but as long as he holds to his policy of carrying out the Popular Front program, he should not encounter great difficulties. He said that when the Left-Wing pact is completed, "we will carry out our own program. We are going much further than the Popular Front. The program of any Republican party of the Left or any of the labor parties reaches further than the alliance's pact."

Azaña May Check Reds

The Center and Right sectors are preoccupied with the question of whether Azaña will be able to hold the Socialists and Communists in check. Former Premier Manuel Portela, leader of the Centrists, foresees a split between Azaña and the Socialists and says that "when that time comes, it is necessary that Azaña be able to count on the Centrist forces which, with the benevolence of the Rights, would permit the formation of a government to rule with the present Cortes."

Calvo Sotelo told the London *Daily Telegraph* that at this moment everyone of the Right is hoping that Azaña will check the Red advance.

"At present," he said, "things are not too difficult for him but when his 'honeymoon' with the extremists is a little older, the situation may become strained and dangerous."

The Popular Front electoral program, now being carried out by Azaña, affects religion, agriculture, business education, justice and banking. His ministry already has fulfilled several of its more important promises, including the proclamation of an amnesty for

30,000 political prisoners (most of whom have been in jail since the October, 1934, Socialist revolt), restoration of the Catalonian autonomy statute, reinstatement of civil servants and private employes discharged because of political reasons, and suspension of all payments by tenant farmers to owners of large tracts of land pending confiscation and redistribution of the big estates.

Business circles greeted the Left triumph skeptically. Continuous reports of terrorism and of church and convent burnings bred lack of confidence and fear. This finally is beginning to disappear but the process is slow. The stock markets of Madrid, Barcelona and Bilbao suffered severe slumps but they are recovering. Responsible banking quarters feel Azaña will do everything in his power to resist Socialist pressure for extreme measures, pointing out that in the Popular Front program, he rejected the Laborites' demand for nationalization of land and banks and a dole for the unemployed. The program calls for reform of direct and indirect taxation, redemption of the peasantry, land reform, protection of industry, reforms in public works, finance and banking—including liquidation of the reserves of the Bank of Spain—revision of social legislation, extension of public education, and a foreign policy directed toward adherence to the principles and methods of the League of Nations.

Largo Caballero in a speech in Madrid asserted that "the Left bloc program is a moderate program within the Constitution."

"We did not ask for anything nor did we want anything outside of the Constitution," he maintained. "Who is so simple as to believe that the working class is interested in preventing an economic reconstruction?"

The independent newspaper, *Ahora*,

reviewing the economic situation, states:

"Since the initiation of the Moroccan campaign, it has been a rare year in which the budget could be liquidated without a deficit. The public debt has been growing. So have taxes. And the deficit has become chronic. Unemployment must be ended as soon as possible."

(On December 31, 1935, Spain had 674,161 unemployed.)

Balancing the Budget

Minister of Finance Gabriel Franco will have to battle the budgetary deficit problem. The use of red ink on the books of the Treasury has become more extensive year by year. The Republicans attribute the difficulty of balancing the budget to the huge sums spent during the Primo de Rivera dictatorship, but although the deficit in 1931, when the Republic was founded, amounted to 198,000,000 pesetas, in 1934 it had risen to 506,000,000 pesetas. The total for 1935, so far not available, is expected to be still greater. Spain's foreign trade has shown an increasingly unfavorable balance in recent years, thereby creating a grave foreign exchange problem. There are not adequate exchange facilities, and this obstacle is holding up the commercial treaty with the United States, which has been under negotiation for the past two years. Spain is some forty to fifty million dollars behind in its deliveries of exchange and \$35,000,000 of this amount are due United States exporters.

Business men also are worried about the position of the peseta because of the belief in some banking quarters that it will drop as a result of the foreign exchange problem. Although the Minister of Finance denied that devaluation of the peseta was being considered, financial circles recalled a

speech made by Azaña in October, 1935, before a mass meeting of 400,000 persons on the outskirts of Madrid, in which he said that the steadily growing amount of frozen credits was caused "by the erroneous policy of prestige which insists on maintaining the peseta above its real value, thereby paralyzing the foreign exchange control bureau, producing its insolvency and freezing credits."

"With the peseta quoted above its value, Spanish imports increase, exports fall and the increase in importation aggravates the problem by making the annual unfavorable balance still greater," Azaña maintained. "Continuance of this policy will lead to a catastrophic situation and bankruptcy. Two solutions remain—exportation of gold or a foreign loan. Thus we will have a situation unknown since the colonial wars: flotation of loans abroad with an inevitable fall of the peseta on the horizon."

Issues of Religion

Ever since 1931, Rights have identified Lefts with the burning and desecration of churches and convents. Azaña in a famous speech in the Cortes said, "Spain is no longer Catholic," bringing recriminations from the Rights and approval from the Lefts. Spain's relations with the Holy See during the first Azaña governments of 1931-33 were anything but cordial. Blazing convents, the ousting of Cardinal Segura for alleged political intervention, separation of the Church and State, and dissolution of the Jesuit order, strained relations between the Vatican and the country whose former king used to take pride in the title, "His Catholic Majesty."

When the Rights came to power in 1933, negotiations were undertaken, with the encouragement of white-haired, squint-eyed President Niceto

Alcala Zamora, a faithful Catholic, with the Holy See for a *modus vivendi* to lead eventually, it was hoped, to a concordat. What will happen to these negotiations has not been learned. Azaña and his Ministry are more concerned over immediate internal problems. He declared in an interview, however, that "we are not here to persecute but to apply the Constitution and the laws, inspired by a spirit of liberality and liberty of conscience." He said, "We will not persecute anyone, neither Catholics, Protestants, nor Mohammedans." He has given no cause to believe that he has changed his opinion during the last two and a half years regarding the religious question. He and most Lefts attribute a great deal of Spain's ills to the church influence. Their attitude and actions provoked the Catholic Rights to campaign against what they termed "persecution of the Church."

Azaña is expected to apply to the letter Article 26 of the Constitution on the separation of church and state and the dissolution of the religious orders. In a nation-wide radio broadcast, the spectacted Premier promised that no one would be persecuted "as long as the Republic's laws are not violated." This was interpreted to indicate that he was willing to see Catholic opinion support the regime, but he would never permit the Church to gain its one-time influential position. The problem was widely discussed during the electoral campaign by the Rights and the Lefts. *El Debate*, a Catholic organ, said: "Socialists, Communists and Anarchists have united to march toward a victorious October. October signifies the bloody persecution of religion."

El Socialista, organ of the Socialist party, asked: "Why does the Church, removing itself from its own activities, intervene in politics? Why does it in-

evitably incline to the side of the rich against the poor? Through the mouth of the Cardinal Archbishop of Toledo, the Church warns its clientele to vote for the Rights. The Church is one more political party in Spain—the party of the bankers, the big landowners, the usurers, the money-changers. They will say the triumph of the Popular Front will signify the return of Lucifer to the earth, the death of the family, the permanent revolution. If, after the Left-Wing alliance redeems the Republic, the Government takes measures of precaution against the Church, it will only be doing what corresponds exactly to the subversive action of the clergy."

Azaña, speaking at Toledo, refuted the persecution charge. "It is a falsehood that the Republic desired to persecute any religious confession," he said, "No believer has seen himself deprived of his spiritual exercises. We have not broken with Rome." To all this, the Rights point to the ashes of churches and convents destroyed in May, 1931, and in February and March, 1936.

Land Reform

Creation of a new class of small landowners or peasant farmers through extensive land reform will be one of the principal objectives of the latest Left revolution. The movement to permit laborers to gain a measure of independence was undertaken by the earlier Azaña governments after parliament took a year and a half to approve the project. But the first agrarian reform proved a comparative failure, as Azaña admitted in a campaign speech.

"The Republic decreed an agrarian reform which extended to twelve or fourteen provinces," he declared. "Experience has confirmed that it was erroneous to distribute the effort to all the provinces. I believe it is more useful,

just and efficacious to concentrate this reformation effort in two or three provinces, and in a couple of years realize it totally and as a test for the others."

In another address he said: "We are not thinking of dividing property unless the measure is justified."

The necessity for the agrarian reform was maintained by none less than Fascist leader, José Antonio Primo de Rivera, Marquis de Estella, son of the late dictator. He declared in parliament that rural life in Spain was intolerable. He cited instances of women being paid one peseta (14 cents) for nine hours' work in the fields. He named a village where every building, including the church, the cemetery and the town hall, belonged to a female descendant of a feudal lord, who thus held the whole population at her mercy. He said these conditions warranted drastic action.

A modification of the original agrarian reform law was voted by the Center-Right Cortes last year, providing indemnity to the grantees for all estates seized, and rent for land confiscated but not paid for by the State. Although they approved this modification, the Rights made the blunder of not getting it applied, thereby causing further dissatisfaction among the disgruntled landowners who were supporting them financially and politically. The modification has been suspended by the Azaña Government and the original reform will be put into effect, although the indemnity clause of the Rightists' revision may be retained in order not to cause further slump in property values.

The Azaña Government will seek decisive solutions for the educational problem. According to the 1930 census, illiteracy was 45.5 percent. Religious education was prohibited by the Law of Confessions and Congregations

enacted in May 1933. When the Rights triumphed late in 1933, the prohibition was forgotten. The return of Azaña in 1936 brought prompt measures to assure the termination of teaching by priests and nuns. Ten thousand six hundred new schools will be built during the next two years to replace religious schools, according to the Minister of Public Instruction. *El Socialista*, in a campaign article, urged the party comrades to vote "so that the children will have the schools they need; that the stultifying influence of the priests and nuns may end." The government will gradually suppress Catholic education as the laic school system expands.

Obstacles Before Azaña

The difficulties facing Azaña are innumerable. Not only will he have the economic, social, religious, educational and financial problems to deal with, but the political stumbling block of the labor forces will also keep him occupied. He is recognized as virtually the only Republican able to control them, due to his authority and prestige, but the Socialist monthly *Leviatan*, warned him he could not ride the political fence.

"Peace and concord are chimerical," the periodical stated, "and no less chimerical is a policy of conciliation or of the center. Either revolution or counter-revolution. There is no middle course. He who dreams of half-way terms is exposing himself to being burned between two fires."

Declaring the Government is more conservative than it was when it sat on the opposition benches, Largo Caballero said: "If, despite our warnings, it follows that path, the Socialist Party will rise in opposition and there will be another revolution."

Azaña knows that to the great proletariat masses of Spain the Left triumph signified a new opportunity to

better their lot and promised the elimination of hunger wages, reduction of illiteracy, limitation of the Church influence, security for employment, better working conditions, disappearance of unemployment, equal standing with employers and capitalists, liberal, tolerant governments, the end of privilege and the application of social justice. The Rights, on the other hand, are banking on Azaña to hold back the Socialist and Communist masses because to them Azaña is the lesser of two evils. Their defeat was a great disenchantment and they have not recovered from the blow. They realize that Spain will undergo another revolution-

ary period, and they only hope it will not be as black as they fear. The veritable political mosaic which the Popular Front represents will make solid discipline difficult to maintain for a long time. But the independent, meticulous newspaper, *El Sol*, echoing the sentiments of most Liberals and many Rights, believes Azaña, "with well-won authority, because of his rectilinear conduct, political austerity, governing capacity, his preparation and competence, will and talent," will be able "to incarnate a policy of equilibrium, giving the country a feeling of security and breeding confidence leading to pacification."



WHICH WAY, LABOR?

—Salt Lake Tribune

© George Matthew Adams Service, Inc.

the why and wherefore of an important controversy

craft VS. industrial union

By Arthur E. Suffern

RECENTLY the public has gained a new appreciation of the cleavage between craft and industrial unions in the American labor movement. The craft union, composed of skilled workers, was the earliest form of labor organization in the United States. The carpenters formed a local craft union in Philadelphia in 1791. As markets broadened the craft unions became national in scope. After the Civil War efforts were made to unite many craft organizations into one large national union. The National Labor Union, organized in 1866, and the Knights of Labor, organized in 1869, are illustrations. The former soon gave way to the latter which included unskilled as well as skilled workers and by 1886 the Knights of Labor was the most important labor organization in the country.

However, many of the craft unions which had participated in the activities of the Knights of Labor concluded that they could serve their interests better in another form of organization. As a result the American Federation of Labor was formed in 1886, and by 1900 it had supplanted the Knights of Labor. It was mainly a federation of skilled crafts unions; the unskilled were left to shift for themselves. This occurred during a period when large corporations and combines were acquiring an increasingly dominating position. Skilled craftsmen were be-

ing displaced rapidly by semi-skilled machine tenders. Mass-production industries called for combined action of the skilled, semi-skilled, and unskilled workers if they were to attain equality of bargaining with large corporations and combinations. The American workers, however, have been slow to realize this, with the result that it is now the most pressing problem before them. The chief issue between the craft unions and the industrial unions at present is whether it is necessary to organize the vast number of skilled, semi-skilled, and unskilled workers in mass-production industries in the form of industrial unions.

The A. F. of L.

As the name suggests the A. F. of L. is a federation of national and international unions.¹ It has only the power surrendered to it by these autonomous bodies. In 1932, of the 107 unions in the federation, 30 were classified as craft unions, 62 as amalgamated unions, and 15 as industrial unions. Another study published in 1933 declares that not more than 25 unions are pure craft unions, that at least fifty are amalgamated unions composed of interrelated crafts, and that all the others, except one or two, are semi-industrial unions.

¹The term "international" is applied to unions which have members in Canada.

The strictly industrial union, of which the United Mine Workers of America is the best example, includes all the wage workers in and about the mines. This all-inclusiveness is the main characteristic of the industrial union—one toward which the semi-industrial unions are aiming because it gives greater effectiveness in bargaining power.

Obviously the federation is predominantly a craft and amalgamated craft organization. In 1935 the 109 national and international unions reported a paid-up membership of 2,933,858, which serves as the basis of their voting power in the federation. They have many unemployed and disabled members who are not required to pay dues as long as they are so situated. The national and international unions have paid organizers who seek to increase membership. The federation also has organizers for local federal labor unions and local trade unions which receive charters directly from the federation. In 1935 there were 1,354 such unions with a total membership of 111,489 paying dues directly to the federation. These added to the paid-up membership of the national and international unions made a grand total of 3,045,347 in the federation.

The federal labor union is composed of various classes of workers in one industrial establishment. This type in many cases is an industrial union in embryo. Organized in all the establishments of an industry, it could be welded easily into a national or international industrial union. The failure to carry out this process is one of the main complaints of those who favor the formation of industrial unions.

The federation also organizes local trade unions whenever the craftsmen are numerous enough to be so organized. After they are organized

they are turned over to the appropriate national or international unions. Likewise, after federal labor unions are organized, the skilled craftsmen among them in many cases have been turned over to national and international unions. The proponents of industrial unions say that this frequently disrupts federal labor unions and accounts largely for the failure to develop national and international industrial unions, particularly in the mass-production industries.

Why Industrial Unions?

Where industrial or semi-industrial unions have developed, the workers have found from experience that they increased their bargaining power. The same may be said regarding the combination of craft unions into amalgamated unions. In coal mining the skilled miners took the initiative in forming an industrial union. They insisted that all semi-skilled and unskilled workers as well as skilled craftsmen, such as carpenters, blacksmiths, and electricians, must have a scale of wages made for them when the general wage contract was negotiated, and that no one class of workers could strike to obtain changes in the agreement. This prevented stoppages while the agreement was in force and added effectiveness to the bargaining power of those who could easily be replaced if they did strike.

With the growth of large-scale industry during the last quarter of the nineteenth century and after, complicated changes in tools, materials and industrial processes made it more and more difficult to avoid jurisdictional disputes between craft unions. In mass-production industries a skilled worker may do several jobs during the day that would fall under the jurisdiction of different craft unions.

In 1901 the United Mine Workers

demanding jurisdiction over all workers in the coal industry. Similar demands were made by the brewery workers, longshoremen and others. As a result, a compromise was reached in 1901 in the so-called Scranton Declaration of the A. F. of L. convention. This provided that the interests of craftsmen could be served best by craft unions insofar as the "recent great changes in methods of production and employment make (it) practicable." It recognized, however, that in "some few industries . . . the overwhelming number (of workers) follow one branch thereof and comparatively few workers are engaged over whom separate organizations claim jurisdiction." In such industries "jurisdiction by . . . the paramount organization would yield the best results, . . . at least until the development of organization of each branch has reached a stage wherein these may be placed, without material injury to all parties in interest, in affiliation with their national unions."

This declaration obviously left the door open for jurisdictional conflicts. But out of the hundreds of disputes between 1900 and 1931, only 29 amalgamations were effected. Furthermore, amalgamation is hindered by traditional attitudes, differences in systems of benefits and dues, and the desire of craft union officers to be supreme in their domain. In spite of steady opposition to industrial unionism, frequent demands have been made for complete reorganization of the A. F. of L. on the basis of industrial unions, particularly when recurring attempts to organize the mass-production industries have met with failure.

Compromise

In 1934, the A. F. of L. convention unanimously adopted a resolution authorizing the Executive Council "to

issue charters for national or international unions in the automotive, cement, aluminum and such other mass-production industries" as it found "necessary to meet the situation", described as "under the control of great corporations . . . which have resisted all efforts at organization." The council also was ordered to promote and conduct a campaign of organization in the iron and steel industry. When the council chartered industrial unions it was ordered "for a provisional period" to "direct the policies, administer the business and designate the administrative and financial officers of such newly organized unions."

This resolution, along with the fact that the Executive Council was enlarged to include several representatives and advocates of industrial unionism, led many to expect that the way was clear for effective organization of mass-production industries.

However, representatives of craft unions called attention to a provision in the constitution of the A. F. of L. prohibiting the granting of charters "without a positive and clear definition of the trade jurisdiction claimed by the applicant". Furthermore, a charter cannot be granted, "if the jurisdiction claimed is a trespass on the jurisdiction of affiliated unions, without the written consent of such union."

The full import of these prohibitions may be seen, for example, in the fact that the machinists' union could block the grant of a charter giving complete jurisdiction to an industrial union in the automobile industry merely by claiming control over the machinists. The machinists' union might have no members in the automobile industry and the machinists therein might prefer to belong to an industrial union; nevertheless, the machinists' union has the right to claim jurisdiction. If all the workers in the automobile indus-

try were determined to have an industrial union they would have to organize without a charter from the A. F. of L. and remain outside the federation unless it changed its constitution or unless the machinists' union surrendered jurisdiction.

Executive Council Acts

The Executive Council reported to the A. F. of L. convention in 1935 that it had granted a charter to the International Union of Automobile Workers of America, having jurisdiction over all employes directly engaged in the manufacturing and assembling of parts. However, it did not include the makers of tools, dies and machinery, nor those employed in job or contract shops manufacturing parts. All questions of overlapping jurisdiction in the manufacture of automobile parts and of special crafts organized were left for further consideration by the council.

The charter granted to the Rubber Workers International Union denied jurisdiction over those who construct buildings, manufacture or install machinery, or engage in maintenance work or work outside the factories.

"Preliminary steps" had been taken to organize the workers in the cement, aluminum, gas, coke and by-products, and radio industries, but the council did not believe "the time was ripe" for establishing national unions. Furthermore, no organizing campaign had been carried on as ordered in the iron and steel industry, because internal strife in the Amalgamated Association of Iron, Steel and Tin Workers, which has jurisdiction over the industry, had made it impossible.

Many had understood that the adjustment in 1934 would permit the Executive Council to issue charters giving complete jurisdiction to industrial unions. Evidently there was

great dissatisfaction with its failure to do so. Nine resolutions were introduced in the convention calling for charters establishing industrial unions in specific industries. Thirteen resolutions called for industrial unions to replace existing national and international unions. Two of these were introduced by international unions, two by delegates from State federations of labor, and the others by delegates from federal labor unions.

The majority of the committee on resolutions, composed of eight members, recommended the continuance of the policy established in 1934 which would restrict the jurisdiction of industrial unions, so-called, chartered by the Executive Council, and would permit the craft unions to claim craftsmen organized into federal labor unions and industrial unions. The minority, composed of seven members, pointed to the failure of past policy to fulfill the principal purpose of the labor movement, namely, to organize the unorganized workers. The enrollment of about three and a half millions out of 39 millions of organizable workers, they declared, "is a condition that speaks for itself." They insisted that the workers in mass-production industries should be given unrestricted charters as industrial unions, and that the Executive Council should be instructed to carry on a campaign of organization for that purpose.

However, they declared that it was not their intention to take away from national or international unions "any part of their present membership, or potential membership in establishments where the dominant factor is skilled craftsmen coming under a proper definition of the jurisdiction of such national or international unions."

On the other hand this was followed by the statement that it was their purpose "to provide for the organization

of workers in mass-production and other industries upon industrial and plant lines, regardless of claims based upon the question of jurisdiction."

Although there are obvious inconsistencies in these statements, the debate revealed that the real purpose of the minority was to permit complete industrial unions in industries where craft unions did not have a foothold, and to prevent the craft unions from disrupting industrial unions by making jurisdictional claims. They failed to point out, however, that this policy would require a change in the constitution of the A. F. of L., unless the craft unions were willing to surrender their jurisdictional claims in industries in which unrestricted charters were given to industrial unions.

It is significant that the minority was composed of representatives of craft unions as well as industrial unions, and when the vote was taken, the minority report received 10,933 votes compared to 18,024 in opposition. The minority report received the support of 23 national or international unions and of a majority of the delegates from city central bodies (local federations) and from State federations of labor. It is estimated that the minority vote represented 1,100,000 members of the A. F. of L., or more than 36 percent. This means that there must be a strong sentiment among craft and amalgamated craft unions for the building of industrial unions in industries where that form of organization would be more effective than other forms. Furthermore, it is a sentiment which may well increase and attain a majority in the A. F. of L. convention, particularly if the American labor movement is put more and more on the defensive by employers.

It is likely, moreover, that the sentiment will be increased by the action of

the A. F. of L. itself. For example, the Executive Council not only refused an unrestricted industrial charter to the automobile and rubber unions, but it supported the teamsters' union in its demand for jurisdiction over the teamsters in the brewery industry, where the brewery workers' union is supposed to have complete jurisdiction. The council refused an industrial union charter to the federal labor unions in the radio industry and assigned them to the electrical workers' unions. Likewise, the local unions among the loggers, lumbermen, timber workers, shingle weavers, and sawmill workers were refused an industrial union charter and were assigned to the carpenters' union. It is questionable whether these actions will be accepted by the workers thus allocated, as there are indications that they are determined to have industrial unions either by affiliation with the A. F. of L. or without it.

Convention Aftermath

On November 10, 1935, it was announced that representatives of eight national and international unions⁶ had formed a Committee for Industrial Organization. The committee's declared purpose is to help organize the unorganized and bring them into the A. F. of L.

Several days after the announcement, William Green, president of the A. F. of L., sent a letter to the members of the committee saying that efforts to organize movements within an organization were "productive of confusion and fraught with serious consequences" because they generally establish "a line of cleavage" which may result in dual organization. He

⁶Coal miners' union; typographical union; amalgamated clothing workers' union; ladies' garment workers' union; textile workers' union; oil field, gas well, and refinery workers' union; cap and millinery workers' union; and the mine, mill, and smelter workers' union.

concluded by urging the committee to abide by the vote of the convention and to try to gain a majority in succeeding conventions.

On November 23 John L. Lewis, president of the miners' union and chairman of the committee, resigned his position as one of the vice presidents of the A. F. of L. He and the other members of the committee insisted that the duty to organize the unorganized overshadowed all other considerations; that minorities in the labor movement, in government and everywhere, are not obligated to confine their efforts to winning a majority in conventions, legislatures, etc.; that they have a right to appeal to the rank-and-file for support of the minority policy; that it is not the purpose of the committee to "raid" the membership of established unions or to use unethical or coercive methods, or "to infringe upon their rightful jurisdiction", or to influence them to change their form of organization from craft to industrial; and that the committee is not promoting a cleavage or dualism in the labor movement. Rather, it seeks "to alter a policy which now invites dual organization" when craft unions claim jurisdiction over workers organized in federal labor unions which are seeking to build industrial unions.

Formerly William Green, as secretary of the miners' union, was a strong advocate of industrial unionism. On December 7 Mr. Lewis invited him to resign from the A. F. of L. presidency and become chairman of the Committee for Industrial Organization at a salary equal to what he is now receiving. Mr. Lewis declared that "the position will be as permanent as the one you occupy" and that Mr. Green "would have the satisfaction of supporting a cause in which you believe inherently, and of contributing your fine abilities to the achievement

of an enlarged opportunity for the nation's workers." In his refusal to accept this invitation, Mr. Green pointed out that he had never encouraged dualism and would not now; that he was governed by the action of the convention and would carry out at any cost the policies voted there; and that when he could not do so, he would resign.

At its meeting on January 23, 1936, the Executive Council declared that the Committee for Industrial Organization is "a challenge to the supremacy of the A. F. of L." and that it would "ultimately become dual in purpose and character." It therefore asked for the dissolution of the committee and appointed a special committee to confer with Mr. Lewis and his colleagues with that end in view. Charles P. Howard, president of the typographical union and secretary of the Committee for Industrial Organization, replied that since the A. F. of L. is composed of both craft and industrial unions, "it is no more illegal or unethical to conduct a campaign for organization on an industrial basis than it is to promote organization on a craft basis." Furthermore, he said, the committee is not chartering unions, nor is it seeking to organize groups which will be outside of the A. F. of L. Finally, he insisted that unless the committee can be convinced that its activities are "harmful rather than beneficial to the interests of the nation's industrial workers, the campaign of education will be continued."

The convention of the miners' union on January 30 supported the action taken by Mr. Lewis and his colleagues to develop industrial unions and voted authority to the executive board of the union to withhold some \$48,000 in dues payable to the A. F. of L., if the board saw fit to do so. This indicated how far the unions favoring industrial unionism could endanger the financial

welfare of the A. F. of L. if they withdrew and supported another federation.

Mr. Green in a prolonged and impassioned plea to the miners' convention asked for a reversal of its stand in the campaign. Mr. Lewis did not deign to reply, except to ask those who had changed their minds to stand. Only two of the 1,700 delegates arose.

On February 20, Mr. Green sent a letter to all bodies directly chartered by the A. F. of L., informing them that the Executive Council is determined not to permit the establishment of any organization within the A. F. of L. "which even approximates dualism in purpose and character", and warned them not to send any support to that end. This implied a threat to revoke the charters of those who gave such support. Furthermore, it was a definite incitement to revolt on the part of unions determined to support the Committee for Industrial Organization, thus increasing the chances that a separate federation will be organized to promote industrial unionism. On the other hand, if industrial unions were to grow within the A. F. of L. at anything like the rate desired by the committee, it would not be long before they would have the majority vote in the convention. How much recognition of this accounts for the determined stand against the committee remains to be seen.

As an indication of its desire to organize the workers in mass-production industries and have them affiliate with the A. F. of L., the Committee for Industrial Organization on February 23 sent Mr. Green an offer to contribute \$500,000 toward a fund of \$1,500,000 to carry on a campaign in the steel industry. As a condition, the committee required assurance that the workers organized would "remain united in one industrial union" and

that direction would be given to one who understands the problems of the steel workers and who will work in cooperation with an advisory committee composed of representatives of the unions supporting the campaign. The committee insisted that this is a very favorable time for the campaign because the steel workers in "company unions"⁷ are making concerted demands for better wages and working conditions. Mr. Green replied that the offer would be submitted to the Executive Council which meets in May and which alone "is clothed with authority to pass upon the conditional proposal you make."

On March 6 Mr. Green announced that the Executive Council at its January meeting had decided on a plan for organizing the steel industry requiring a fund of \$750,000, the appointment of a representative of the A. F. of L. to head the campaign, and the conduct of the campaign in accordance with an agreement with the Amalgamated Iron, Steel and Tin Workers Union. The plan also calls for a conference "at the earliest possible date" of representatives "of organizations interested in and directly affected by" the campaign. This last item suggests that the craft unions are likely to be very alert about jurisdictional claims.

In an address on March 29 Mr. Lewis issued a challenge to the A. F. of L. to submit to a referendum vote of the rank-and-file the question whether they would prefer craft or industrial unions. He insisted that there would be such an overwhelming demand for industrial unions that the craft union officials would either have to accept industrial unionism or resign.

It is unlikely that his challenge will be accepted. In short there is no indi-

⁷Organizations in each steel plant, encouraged and recognized by the company as a means of counteracting the growth of craft or industrial unions.

cation at present that the craft unions which hold the balance of power in the A. F. of L. are going to surrender it voluntarily, or that they are going to sanction exclusive jurisdiction to industrial unions formed in industries where the craft unions can claim juris-

diction over certain classes of workers. It is this attitude, more than any other perhaps, which may bring about the formation of another federation composed of unions which are ready to support the growth of industrial unions.



LIFE OF A SWORD SWALLOWER

—Manchester Union

The old and new, the East and West, present the

JAPANESE ENIGMA

By CHARLES HODGES

"JAPANESE Election Dullest on Record . . ." ran the head on a scant column news story on an inside page. Within the week, banner headlines streamed across the front page day after day as the bloody Tokyo coup d'état failed just short of its sanguinary object—the assassination of constitutional authority.

To the Occidental mind, the *rat-a-tat* of the news machine-gunned across the Pacific makes a staccato motion-picture version of militarism, gangsterism and fascism with an Oriental twist. To the Japanese, the "February 26th Affair," as it is going down in history, is distinctly a family matter. Foreigners should mind their own business while the rival spokesmen of Nippon's twenty-five hundred years of imperial loyalty argue and shoot it out within ear-shot of the Mikado's moated and mossed palace walls.

This Japanese enigma—a world power so "modern" yet so tradition-bound—may not be entirely within the power of the Western mind to unravel. Nevertheless, more of it can become public property than the Japanese are willing to admit. Though our friends across the Pacific are past-masters at withholding all the facts in the case, this national trait has its limits. Piecing together the Japanese tragedy, we find a conglomerate of tradition and change, patriotism and selfishness,

idealism and sanguinary realism compounded into a national way of life that can be understood yet disavowed by the outside world.

Japanese leaders are keenly aware of the practical consequences of this gulf between themselves and the rest of us.

"I am very sorry . . .", Admiral Saito, the murdered Lord Keeper of the Privy Seal, kept on repeating to me as we talked over his policies while head of the Government. "Japan has lost good understanding; our motives are not appreciated. This does not mean that we are seeking isolation. We must go along with the leading powers; we cannot go alone—very sorry. . . ."

With that truly Japanese mixture of statesmanship and fatalism, those in the high places of Tokyo have both planned and feared the events of 1936.

There are many threads to the pull of events. The longest reach to the Emperor of Japan himself—and, through his august person, go back to the divine ancestors and the founding of the Empire on a precise October day in 660 B.C. The more sinister entwine about the War Office, the Army, the Navy, their fascistic civilian allies and hired gangsters bound together by the psychology of patriotic terrorism. The most enduring are the economic and social bonds that bind

Japanese politics in a tight knot which has yet to be cut even by the direct action of militarists. All together, these cords of Far Eastern destiny combine to make the Mikado's Land distrusted by erstwhile friends and hated by hostile neighbors.

When 1936 opened, Japan's always nervous national psychology was surcharged with apprehension over the threefold crisis long felt to be impending. The Army, apart from its turbulent domestic maneuvers for power, felt the Soviet Union to have become the major foreign menace to Japan in East Asia. The Navy, withdrawing from the London Naval Parley on the ship parity issue with the British and the Americans, was alarmed over sea power on the Pacific. Inside Japan, political and more underlying social unrest joined to force decisive action from rival groups coming to be dominated by a rule-or-ruin policy of state.

Ample precedent existed for a program of direct action.

The "May 15th Affair," the first of three dangerous incidents between 1932 and 1935, showed the temper of the opponents of liberalism. The assassination of Premier Inukai came as the culmination to earlier murderous attacks on public officials and business leaders with two outstanding fatalities; young Army and Navy hotheads combined with civilian terrorists of the same turn of mind to bomb their way to a self-proclaimed new deal for Dai Nippon. This idea of a "Great Japan" based upon the "acceptance of the Essential Pathway of national life" as promulgated by leaders of the Emperor's land and sea forces, twice more exploded with unsuccessful political results. The first conspiracy brought jail sentences to the young officers and to the leaders of the supporting "Blood Brotherhood." The second, in the fall of 1932, was betrayed to the police on

the eve of the "God-sent Troops," getting into action with a similar program of assassination of governmental officials, seizure of Tokyo, and proclamation of a puritan-like Army regime. The third, that of the "Death-Defying Troops," planned for the close of 1933, once more plotted death for the cabinet, the head of the hated major political party, and seizure of the capital with funds looted from a bank—to be followed by martial law as the military stepped into power and suppressed the Imperial Parliament or Diet. Details such as the leaders of the revolt arranging to gather subsequently at the Imperial Palace gates, to shout three *banzai* or Nipponese cheers, and to commit *harakari* or ceremonial suicide, in order to demonstrate the integrity of their purpose to the Emperor, show the slant of these patriots.

Seen in the light of these attempts, each followed by trials where the defendants appeared as national martyrs moved by the highest patriotic motives, the even more carefully prepared "February 26th Affair" shows how right Japanese leaders were to distrust 1936. Equally clear is the need for foreigners to understand the deep-set motives which continue to operate in the Mikado's Land today.

These patriots, whatever their stamp, hold to a common conviction that Japan must turn back the clock of history. Their slogan, the "Showa Restoration," tells the whole story. It represents an effort to revive the ancient Japanese customs but within the framework of modern military power which will assure the Empire's ascendancy in the East.

These ideas are deeply embedded in the traditional life of Japan. Post-war forces have operated to bring them to the turbulent surface of Japanese politics. Here they clash with the foreign ideas and institutions imported

from the West to climax in the bloodshed of this spring.

Crystallized into patriotic organizations, this anti-foreign and reactionary thought has produced some seventy societies ostensibly dedicated to saving the nation. The "ronin"—men-at-arms in Old Japan without a master—constitute a following estimated at several hundred thousand who still live in the twilight of the feudal order. Banded together under lofty names, they actually racket a living out of the demands for "contributions" from the "degenerate" exponents of new ways in trade and politics, even selling loudly proclaimed patriotism to the politician who has the price to use them in electoral campaigns.

Then there are the "soshi," the last of the humbler following from feudal days, who find purchasers for their brawling brawn through "violence brokers." These freelance warriors have brought thuggery into Japanese politics on a personal basis as the intimidators of rivals and defenders of employers from counter-assaults.

The combined effect has been to establish a tradition of violence in Japanese public life which only needed astute direction to produce a patriotic terror. This came from above at the strategic moment of the Japanese Army's coup in Manchuria; such use of the mailed fist in September 1931 was designed to block the efforts of the Foreign Office to bring about a peaceful settlement of the outstanding disputes with China.

Underneath colorful titles such as the Taikosha or "Great Action Society" and the fascist Taika-kwai or "Great Culture Society", there was the common ground of a "strong" diplomatic policy particularly directed, as the passions of the moment dictated, against the United States, Soviet Russia and China; a conservative, blind

hostility toward change at home; and eventually hypnotic reiteration of loyalty to the "Imperial Principle" and Yamata Damashii, or the "Spirit of Japan." Retired Japanese generals became useful to head newer organizations with covert War Office sponsorship such as the Kokusui-kai or "National Essence Society", the reactionary Meirinkai, and the notorious Ketsumedan or "Blood Brotherhood."

Nothing proved more significant than the alliance formed between General Sadao Araki, moving spirit in the War Office forces of reaction, and Baron Kiichiro Hiranuma, in his role of Vice President of the Privy Council. Their Kokuhon-sha, formed in the 1920s, became the leading exponent of the twofold gospel of the "Imperial Principle" and the "Essential Pathway." The inculcation of the Kodo spirit—the "right way"—in the younger officers who came to worship Araki gave a kind of mystic ruthlessness to these juniors.



GENERAL SADAO ARAKI

"Here in Japan," General Araki told me in the quiet, austere Japanese garden which lies behind the official residence of the Minister of War, "the Emperor represents the highest welfare of the nation."

He proceeded to point out that this descendant of the gods acted by inspired standards. These the loyal subject must study in order to discover the moral principles upon which the imperial acts are based and to which the Yamato people should conform.

"This is the fundamental spirit of our people. It rests solely upon the godlike position of the Japanese Emperor."

"What does the Army propose to do?" I queried.

"The soldiers belong directly to the Emperor," General Araki explained, "none is responsible to any but the Emperor. This is a direct relationship of profound importance in our country; it expresses the true spirit of the Japanese Army."

Since the great aim of the Emperor is to promote the welfare of the people, he went on to say that "if there is any obstacle in the way of its realization, it is the duty of soldiers to remove it."

Noting that false ideas had come into the operation of the Government under the Constitution of 1889, General Araki made a significant conclusion:

"We in the Army wish to correct the errors which have crept into the operation of the Government!"

Government Survives Thrusts

This puritanic fundamentalism of the military leadership, flanked on one side by the Big Navy men and on the other by fascistic opportunists in practical politics, has made the Army the driving force in the Mikado's Land from 1932 to 1935.

The seeds of the sinister old Black

Dragon Society, the forerunner of these strong-arm tactics at home and abroad, had fallen on fertile soil at last. The crop of patriotic organizations could be harvested in blood. But, along with the wholesale assassinations that capped the sporadic outbursts of violence, there developed an opposition in high places of governmental power beyond the cowed Diet. Though the Army and its allies ruled Japan in the name of imperial regeneration for four precarious years, they never could deliver a knockout blow to constitutional government as developed along modern, liberal lines somewhat paralleling the West. Neither could they deliver a body blow abroad. The assault on Red Russia for the domination of Asia, timed to follow the Manchurian adventure, got sidetracked in further Chinese complications. The Chinese Nationalists, squirming in the grip of the Japanese militarists, could not quite be brought to heel. World trade, first reaped wholesale with the devalued yen and war-stimulated industry, ceased to expand as rivals countered market inroads and buyers raised tariff barriers against the dumping of Nipponese goods. The only thing that continued to increase was the budget—with its annual deficit that called for ominous warnings from the financial interests blackjacked into acquiescence while they footed the bills of imperialism.

By the opening of this ill-omened year, the Mikado's Land either had to "return to ancient times" forthwith or rehabilitate parliamentary government.

The "Showa Restoration" slowed down. Illness had forced General Araki's retirement from the Ministry of War a year previously. His devoted follower, General Hayashi, took over the folio. While the Army's premier spokesman for action continued to dominate policy on his recovery

from the key position as a member of the Supreme War Council, time pressed for decision. The Navy, meeting unbreakable opposition at the London Naval Conference, faced a decisive struggle over the control of the Pacific with the end of fleet limitation in sight. Their fascist ally in politics, the agile careerist, Kenzo Adachi, who had built up the Kokumin Domei or "National League" as an anti-parliamentary bid for power, jockeyed for decisive position in the approaching inevitable general election. He needed a bloc of seats to vindicate his repudiation of party government.

On the other hand, both the Saito and the succeeding Okada Cabinets blocked the sweep of the Army-Fascist combine into full political power. Strong opponents close to the Emperor himself supported civil authority. The Okada Ministry was beginning to attack the cults behind the patriotic terrorist front. The Omoto Cult, with 1,600 branches and 300,000 followers, faced dissolution as some sixty leaders were indicted under the Peace Preservation Law, usually reserved for Japanese radicals, for plotting the reconstruction of the national polity. Others, including the once-extensive Amatsu Cult, were on the Home Office books for suppression in what seemed a general governmental clean-up. Jail sentences against even the most patriotic terrorists, including the officers involved in the earlier plots, were being procured by the Government's prosecutors.

Even within the Army, the division between the super-patriots and those cool to the Araki-Hiranuma-Adachi program grew deeper. The court-martial of Lieutenant Colonel Saburo Aizawa for the coolly calculated assassination of Major General Nagata as an "evil influence" during August 1935, was giving the Japanese people a

dramatic insight into the inner workings of the reactionary cammoras. The defendant's testimony clearly exposed the ideas moving him to such a deed, while his systematically kept notebook testified to his earlier intention to kill the powerful moderate General Ugaki.

Asked to explain the meaning of the "Showa Restoration," Colonel Aizawa told the presiding judge:

"The Emperor is the incarnation of the God who reigns over the universe. The aim of life is to develop according to His Majesty's wishes, which have not yet been fully understood by all the world. The world is deadlocked because of capitalism, communism, anarchism, atheism, etc. We should make it our objective as Japanese to bring happiness to the world in accordance with His Majesty's wishes."

Remarking that he was "more convinced than ever that the bloc of elder statesmen, the Genro and the financial and governmental cliques were pressing on the prestige of the army," Colonel Aizawa complained against those in high command accepting the "institutional theory" of the Emperorship and indicted "the corruption of young officers in the Army caused by temptation from men of ill-repute." He bluntly concluded: "The younger officers in the army all determined to murder the Kerenskys. As long as they are firmly resolved, the country will not be shaken to its foundations. A bloody incident is a necessary evil."

When the storm broke in Tokyo, only a tired old man, a very old and very tired man, stood between the reactionaries, their patriotic terror, and mastery of the Japanese Government.

He was the last of the Elder Statesmen, or Genro, who by seniority had come to advise the Emperor of Japan on matters of crucial importance. The other fellow-makers of New Japan, once young iconoclasts, too, in 1868,

had passed from the scene. Prince Saionji, with eighty-seven years, mostly politics, behind him, belongs to the Pre-Restoration nobility. The "inkyō," or the retired one, watched every move from the beginning of the battle in 1932 to the present shuffle of authority. He was responsible for placing Admiral Saito in the premiership to oppose the "Imperial Socialism" then being advanced by the Army-Navy clique to destroy the trammels of constitutional government. Earlier, he had advised the Emperor to appoint no new Elder statesmen. When he could no longer maintain Saito in office because of a series of ministerial scandals, Saionji astutely elevated him to the post of Lord Keeper of the Privy Seal. Thus he blocked the drive to place the reactionary partner of the militarists, Baron Hiranuma, close to the Throne. Then he produced Admiral Okada as a "dark-horse" premier and taught his opponents a grand lesson in politics—the appointment, though disregarding the reactionaries on all fronts, disarmed the Big Navy group; the reappointment of four old Saito Cabinet men held the parliamentary majority; seven "no-party" ministers became a gesture of purification of politics; and the Seiyūkai was crippled while the Minseito was enlisted for new party support in the Diet. Saionji, the Emperor's last word, waited for the February 1936 election.

The drubbing given the Militarist-Fascist combination was not expected. Fascist candidates disappeared in the popular vote for liberalism. Ex-generals and leaders of patriotic societies went down to defeat. Labor showed surprising strength. Though parliamentary forces did not seem strong enough to challenge the War Office rule, both generals and admirals realized that a curb on militarist adven-

tures was imminent. The crucial moment had arrived.

The Emperor's Stand

When the militarist putsch collapsed in a March drizzle, one thing emerged. The Emperor of Japan, with "the retired one" giving him possibly the last advice of a Genro, does not want the Army in politics.

Now this was not true four years ago, when the Mikado was felt by liberals to be falling under the influence of the Araki-Hiranuma-Adachi doctrine of the Kodo spirit. That was a critical period for the Imperial House.

Immediately, unrest had manifested itself in a psychologically devastating form. It is something that virtually all Japanese, whether of high or low estate, object to discussing. Just as the official 2,600 years of Nippon's history commands unquestioned acceptance, just as it is lèse-majesté to regard the Emperor as an "organ of the State", so the suggestion that the Throne no longer is inviolable becomes high treason itself. Yet the facts are that the present Emperor, like his grandfather, has been threatened with violent death. In 1923, when he was Prince Regent for his incompetent father, followed in 1924 and 1932 by renewed plots, he escaped bombing.

The larger consequences were a tendency toward the isolation of the Mikadoship which began before the World War. Just as the Meiji Emperor (Mutsuhito, during his lifetime) ceased all but occasional public appearance after the bomb plot of 1911, just as the succeeding Taisho Emperor (Yoshihito) was kept secluded as the victim of physical and mental defects, so the Showa Emperor (Hirohito) listened to the reactionary insistence on the renewal of imperial seclusion.

Were this the end of the story, we would comment upon the way in which the voluntary imprisonment of the Emperor of Japan would play into reactionary hands. We would picture the panorama of political Japan since the Restoration of the Mikado in 1868 as a struggle between successive groups to control him as the classical symbol of authority. We would see successive struggles: the Tokugawa Family, hereditary regents for 250 years prior to the Restoration, dividing and ruling the rival feudal lords; the "clan politics" of the Meiji Era, with the Satsuma-Choshu combination dividing power until the close of the nineteenth century; the rise of the commercial, industrial and financial interests, prying the control of the State from the weakening hands of the "Sat-Cho" leadership through corrupt party politics; and the vital current struggle between Big Business and the Army for political supremacy tomorrow.

Whatever may be the outcome of the Emperor Showa's return to nominal seclusion, something has just happened in Tokyo to change the picture. The cabinet reconstruction under the premiership of Koki Hirota, Minister of Foreign Affairs in the Okada Government, marks the defeat of the direct-action tactics of the militarists. The Army and Navy, never wholly in accord, no longer see eye to eye on the Empire's military problems. The hazards of the militarist adventure on the continent are increasing; and the naval men believe, as Admiral Osumi told me, that they can command in the South Seas the resources so needed by a modern empire. Japan's generals

and admirals have promised to reform discipline and education in the Empire's forces provided the Hirota Government follows a strong foreign policy in the settlement of outstanding diplomatic problems. Baron Hiranuma has been made President of the Privy Council, it is true, but this move is more than a gesture to save that all-important "face" in the Orient. It drives a wedge between the discomfited Army clique and fascists by offering the Baron an opportunity to serve his Emperor in a new deal dictated from the Palace itself.

The really significant part of this failure of the Army-Fascist putsch lies in the unmistakable position of the Mikado. The Palace has aligned itself against the self-proclaimed guardians of ancient ways and for a twentieth-century state.

Quite apart from imperial pressure to bring the Army into line with the Hirota Cabinet—for the War Office controls the appointment of a high general, like the Navy, to fill the defense post—the Emperor has dictated a reorganization that breaks the extremist control. All but two of the ring leaders of the continental expansion policy are gone, though nothing like a withdrawal from Asia impends. Their places unfilled on the Supreme War Council, this advisory body to the Emperor on military matters no longer can become a device in the hands of reactionaries to break down constitutional government. Resignations and transfers complete the rout of the rabid militarist exponents of an army-run nation, with an army-advised ruler, seeking an army-dictated salvation in world adventure.

CHRONOLOGY

Highlights of Current History, March 10--April 10

INTERNATIONAL

- MARCH 10**—Pierre-Etienne Flandin, Foreign Minister of France demands German troops be withdrawn from the Rhineland.
- Chancellor Hitler refuses to withdraw troops from Rhineland which German people consider sovereign territory.
- He appeals for French amity and disavows territorial expansion at the cost of Germany's neighbors.
- Germany announces pill-box fortifications will be built in the remilitarized Rhineland.
- MARCH 12**—French Senate ratifies Franco-Russian mutual agreement pact which Hitler cited as reason for his denunciation of the Locarno agreements.
- Britain, France, Italy and Belgium (Locarno powers minus Germany) convene in London to consider Germany's denunciation of the Locarno agreement and simultaneous remilitarization of the Rhineland. Locarno powers immediately condemn the Reich.
- England and Italy refuse to apply sanctions despite the insistence of France, Belgium and Russia.
- Threat of sanctions derided by the Reich, on the basis of Germany's endurance of four-year World War blockade.
- League of Nations Council decides to consider German Rhineland question.
- MARCH 13**—Soviet Russia announces that Germany is most fertile ground for the spread of communism.
- Locarno powers seek solution but are firm against war.
- MARCH 15**—Germany agrees to send delegates to the League of Nations Council on two conditions: (1) German representative be received as an equal; (2) Hitler's peace proposals (non-aggression and air pacts with her neighbors) be discussed.
- Italy, Austria and Hungary confer to re-enforce amity in semi-alliance.
- MARCH 16**—League council notifies Germany that her representative will be accorded equality but rejects discussion of Germany's peace proposals.
- French people oppose action against Germany despite Locarno violation.
- MARCH 17**—Maxim Litvinov, Soviet Foreign Commissar, assails Germany as a flagrant treaty breaker.
- MARCH 19**—Council of the League of Nations declares by vote of 11 to 0 that Germany deliberately violated the Locarno Treaty.
- The Locarno powers propose to Germany that she refrain from increasing Rhine garrisons; that she permit temporary occupation of part of Rhineland by British and Italian soldiers; that if Germany accepts these terms a conference would be held to negotiate a permanent peace; that if Germany refuses, Britain would give France and Belgium assurances that she would aid them in case Germany attacked; that the Franco-Belgium-British military consultations would begin immediately.
- Germany states her reason for the Locarno denunciation before the Council of the League of Nations.
- MARCH 20**—Germany rejects proposal for temporarily demilitarized zone.
- MARCH 23**—Italy, Austria and Hungary pledge amity and consolidate Danubian common front; assure the independence of Austria.
- General Weygand of the French Army states France has been humiliated by Germany.
- MARCH 24**—Germany rejects four-power proposals offered on March 19th but promises to submit alternate proposals after German elections of March 30th.
- Soviet Premier Molotoff pledges war aid to France against Germany with no limitations on defense.
- MARCH 25**—United States and Britain sign new naval treaty pledging naval parity.
- Soviet Government terminates trade negotiations with Germany following Reichsfuhrer Hitler's denunciatory speech of the 24th.
- Italy announces intention of blocking Locarno peace proposals until sanctions are lifted.
- MARCH 27**—Franco-Russian mutual aid agreement, ratified by French Senate on March 12, is signed by French Foreign Minister Flandin and Soviet Foreign Commissar Litvinov.
- Preliminary steps inaugurated for the Franco-British military staff consultations.
- Hitler asks that other nations remove the question of international peace from the

- hands of their statesmen and submit it to the people.
- MARCH 28—German military staff experts announce French underground military fortifications along the Rhine are highly vulnerable.
- MARCH 30—Franco-British military staff consultation pushed.
- MARCH 31—Germany proposes four months' truce and indicates a willingness to negotiate a twenty-five-year non-aggression pact with France and Belgium.
- APRIL 1—Britain announces Germany's proposals are inadequate. France scorns them as insincere.
- APRIL 7—German press accuses France of sabotaging Hitler's plans.
- Japanese allege the Soviets have concluded a secret agreement with China.
- Italian pledges not to bomb Ethiopian towns fail to lessen hostile British sentiment.
- Alliance between Soviet Union and Mongolia revealed to have been effective since 1934.
- APRIL 8—Commission to rule Europe proposed in new French peace plan.
- APRIL 9—Italy's envoy reveals plan for puppet Ethiopian state. Cites Manchukuo as precedent.
- Italians accuse League clique of delaying war in order to blame Italy.
- German press doubts feasibility of new French peace plan.
- APRIL 10—Turkey requests permission to fortify the Dardanelles.
- Dr. Von Hoesch, German ambassador to London, dies.

DOMESTIC

- MARCH 10—Senate Lobby Committee serves Western Union Telegraph subpoena duces tecum (bring with you) designating certain telegraphic communications.
- Guffey Coal Bill, providing for the regulation of wages, hours and collective bargaining, brought before the Supreme Court of United States. Court reserves decision.
- President Roosevelt indicates Federal Housing Administration is ineffectual because of continuing disagreements.
- Securities and Exchange Commission brought before the Supreme Court of United States. Court reserves decision.
- MARCH 11—District of Columbia Supreme Court invalidates Senate Lobby Committee subpoena on the grounds that it goes beyond legitimate use of subpoena duces tecum. Plaintives invoked the Fourth (search and seizure) Amendment to the Constitution.
- MARCH 12—National Conference of Mayors emphatically approves the W.P.A. method of dealing with unemployment. They ask \$2,340,000 be appropriated for next fiscal year.
- Publisher Hearst asks District of Columbia Supreme Court injunction restraining the Western Union Telegraph from delivering editorial telegrams to Senate Lobby Committee. He charges infringement of press freedom.
- MARCH 13—Publisher Hearst asks District of Columbia Supreme Court to force Government to return to him all Hearst telegrams.
- MARCH 14—Berry Industrial Committee recommends governmental checks on business, "to protect social justice."
- MARCH 15—Heavy rains sweep the South with rising temperatures.
- Veterans of Future Wars organize to demand immediate payment of \$1,000 bonus to each potential fighter in our next war.
- American Federation of Labor demands 13 percent wage rise.
- MARCH 16—Rain and melting snow swells headwaters of the Ohio, Monongahela, Potomac, Susquehanna, Delaware and the Conemaugh.
- Ladies Auxiliary of Future Veterans organize to demand immediate passage to Europe to view the future graves of their future sons.
- MARCH 17—Rivers from Ohio to the Eastern Coast rapidly rising to flood stage.
- Twenty inches of snow falls on western New York. Snow heavy along Canadian border. Rain and snow fall over Pennsylvania.
- AAA reorganized into five regional administrations.
- MARCH 18—President Roosevelt sends message to Congress requesting one billion five hundred million dollar appropriation for unemployed to cover fiscal year beginning July 1.
- Association of Foreign Correspondents of Future Wars organized to train members in the writing of atrocity stories and garbled war dispatches.
- Stock Market reports full year of rising stock quotations with average gain of 55 percent.
- MARCH 19—Susquehanna floods southern tier of New York and Pennsylvania.
- Conemaugh floods Johnstown, scene in 1889 disaster.
- Ohio floods Pittsburgh.
- President Roosevelt appeals to the nation for three million dollar flood relief donations to the Red Cross.

- MARCH 20—Connecticut river floods New England.
Potomac floods outskirts of Washington.
- MARCH 20—Treasury reports income tax returns for the first twenty days of March as being 28 percent higher than last year.
Wheeling, West Virginia, reports 17 dead and 200,000 homeless in flood.
Disease follows in wake of Johnstown flood.
President Roosevelt appeals to farmers to prevent crop increases.
- MARCH 21—WPA mobilizes 250,000 persons for flood rehabilitation work.
Goodyear Rubber strike ends with acceptance of 7-point program.
- MARCH 22—Flood damage estimated at 500 million with 171 dead and 500,000 homeless.
Dust storms blanket six States from Kansas to California.
- MARCH 23—New York City teachers ordered to emphasize peace but not pacifism.
Senate passes record appropriation for Army. Total \$611,362,604.
Townsend Old-Age pensioners threaten to oppose Republicans and Democrats with third party.
- MARCH 24—Robert Clement, cofounder of Townsend Old-Age Revolving Pension, withdraws from organization over difference in policy.
- MARCH 25—Secretary of Agriculture Wallace predicts crop surpluses in 1937 with resultant price decline.
New York City Court declares Presidential Arms Embargo on exports void.
- MARCH 27—Ohio river overflows entire length for the first time in history.
- MARCH 28—Illinois scientists report the observation of animal stream of consciousness as it ebbed and flowed, and made minute measurements of the consciousness waves.
- MARCH 29—John L. Lewis, president of the United Mine Workers of America, challenges the American Federation of

Labor to a referendum on craft unionism.

- MARCH 30—Dust storms cover portions of four States in the West.
- MARCH 31—Jewish women's New York State conference endorses ban on child labor.
Red Cross reports \$476,000 flood relief contribution from New York City.
- APRIL 1—Senate inquiry reveals that Townsend, founder of Old-Age Revolving Pension, envisioned millions of dollars profit accruing.
- APRIL 2—Tornadoes kill 37 and injure hundreds in the Southern States.
- APRIL 3—Bruno Richard Hauptmann executed at Trenton, New Jersey, for the murder of Lindbergh baby.
Senate finance group votes to ease war profits curb.
- APRIL 4—Secretary of State Hull imposes embargo on scrap tin to conserve war supplies, effective from April 16 to July 1.
- APRIL 5—New York Drama Critics Circle awards Maxwell Anderson plaque for year's best play, the poetic "Winterset." Dr. Angell of Yale University reports national trend to curb education.
- APRIL 6—Tornadoes kill hundreds in the South. Damage unestimated.
Federal Circuit Court of Appeals upholds constitutionality of Gold Reserve Act of 1934 as it applies to gold held here by aliens.
- APRIL 7—Barbinolli, British conductor, accepts offer to lead New York Philharmonic.
Frick art collection acquires rare panel by Piero della Francesca.
- APRIL 8—Missing chapter in art cleared up by mosaic finds in Antioch.
District of Columbia Supreme Court dismisses infringement of press suit brought by Publisher Hearst against the Senate Lobby committee.
Unemployed groups meet in Washington and vote to form union.
- APRIL 10—Senate may consider Panama Treaty in secret.

FOREIGN

Austria

- MARCH 17—Thirty Socialists tried in Vienna for high treason.
- MARCH 24—Twelve Socialists receive light sentences; eighteen acquitted.
- MARCH 29—Anti-Semitic campaign reported making headway.
- APRIL 1—Austria proclaims universal service, "with or without arms," and repudiates St. Germain treaty.

- APRIL 7—Austria denounces Little Entente's note of protest concerning St. Germaine treaty repudiation.

England

- MARCH 22—Sir Oswald Mosley jeered as he makes new appeal for British fascism.
- MARCH 24—House of Parliament opposes Palestine plan forbidding existing cultivators (Arabs) from selling all their land as unfair to Jews.

MARCH 31—Britain achieves budget surplus fourth year in succession without provision for United States war debt payment. Balance: £15,407,926.

APRIL 7—Britain creates committee to study foreign loan question.

APRIL 8—British policy in Africa and Germany denounced by Lord Snell.

Record of German arms and diplomacy moves for last 21 months issued by Britain.

Germany

MARCH 23—German voters warned by Nazis to back Hitler in the coming elections.

MARCH 24 — Propaganda Minister orders Germans to listen to Hitler's speeches.

MARCH 28—Germans ordered to the polls to vote "yes" for Hitler.

MARCH 29—Elections (a referendum on foreign policy) result in record endorsement for Hitler—98.7 percent of 44,952,476 votes.

MARCH 31—New Zeppelin Von Hindenburg over the Atlantic en route to Brazil.

APRIL 4—Zeppelin Von Hindenburg arrives in Brazil.

APRIL 7—Nazi officials boycott Louis and Schmeling fight on racial grounds.

APRIL 8—Professor Hauer resigns as head of German Faith Movement.

APRIL 9 — Germany reports unemployment reduction of 578,000 in March.

Hungary

APRIL 3—Hungary unlikely to follow Austria in repudiation of St. Germain treaty.

APRIL 7—Hungarian Premier Goemboes and Peasant Party Leader Eckhardt miss in pistol duel at Budapest.

Italy

MARCH 23—Mussolini nationalizes key defense industries.

MARCH 25—Italy blocks Locarno peace proposals until sanctions are lifted.

APRIL 2—Italy watches Britain as her armies advance into British sphere of influence near Lake Tana.

Japan

MARCH 18—New cabinet under Koki Hirota proclaims respect for principle of "live and let live" among the Far Eastern countries.

MARCH 24—Japan announces willingness to negotiate frontier difficulties in Mongolia with the Soviet Government.

MARCH 25 — Premier Hirota announces Japan will not go to war.

APRIL 2—Japanese officials announce there

is no possibility of war with the Soviet Union.

APRIL 6—Japan announces that all Army men will be barred from participation in politics.

Spain

MARCH 14—Socialists, Communists and Syndicalists set fire to Monarchist newspaper *Nacion* and burn churches in the center of Madrid.

MARCH 16—Azaña Republican-Socialist Left Government orders agrarian reform and the division of the grantees' estates among fifty thousand peasants.

APRIL 7—Socialists oust President Zamora in Cortes (parliament) vote.

APRIL 8 — Premier Azaña's Republican-Socialist Left Cabinet retained.

Mexico D.F.

MARCH 23 — Civil and political disorders crushed in Mexico with thirty dead and many wounded.

APRIL 5—Forty Catholic churches reopen; Mexican law allows twenty-five.

APRIL 7—Eight killed and fourteen hurt in train bombing.

APRIL 10—General Plutarco Elias Calles, former President of Mexico, and four aids, exiled by order of President Cardenas.

South America

MARCH 15—Colonel Rafael Franco, head of 'Paraguayan revolutionary Government, proclaims the Americas' first "totalitarian state."

MARCH 23—Brazil declares martial law for ninety days. Red leaders seized.

Soviet Union

MARCH 21—Soviets repeat accusation that Japan abuses citizens in Manchukuo.

MARCH 24—Two Soviet airplanes are ready for flight to the Arctic.

MARCH 25—Soviets announce that they will utilize the sun's eclipse to speed war on superstition.

Two Japanese are killed in Mongolian border clash with the Soviet-Mongolian Army.

MARCH 28—Soviet scientist reports the creation of new varieties of life.

MARCH 29—Mongols report the defeat of two Japanese attacks in border skirmishes.

APRIL 1—Mongols report another clash in which Japanese and Manchukuoans are repulsed.

APRIL 5—Soviet Government withdraws from the Locarno dispute.

Mongols report preparation for new border wars with Japanese.

APRIL 6—Soviets demand full equality for Germany in the interest of peace.

APRIL 8—Soviets, answering China's accusation, deny claims to Outer Mongolia.

APRIL 9—Japanese officer slain by Soviet soldiers in Outer-Mongolian border skirmish.

APRIL 10—Chinese Nanking Government plans protest on Soviet-Mongolian pact.

Italo-Ethiopian War

MARCH 11—Italians drive toward Lake Tana. Ethiopian armies crumble.

MARCH 15—Ethiopians report great losses as air bombers raid Jijiga.

MARCH 19—Italians clash with Haile Selassie's army near Mount Alaji.

MARCH 21—Italians accused of wide gas warfare. Ethiopians plan protest.

MARCH 22—Twenty-seven Italian planes bomb Jijiga, damaging hospital.

MARCH 28—Four Italian columns launch wide drive.

MARCH 29—Italian airmen bomb Harrar; city in flames.

MARCH 30—Italians advance to within 25 miles of Gondar in Lake Tana area.

British Parliament angered by Italian gas warfare.

MARCH 31—Italian troops enter Gondar in British sphere of influence.

APRIL 2—Rains in Ethiopia stalemate battle of Mai Cio.

APRIL 3—Ethiopians admit their armies face defeat.

APRIL 4—Army of Ethiopian Emperor in flight after battle.

Italian planes over Addis Ababa machine-gun the city.

APRIL 5—Emperor of Ethiopia denies he will sue for peace.

APRIL 6—Mussolini expects League of Nations to negotiate African peace in Rome.

Britain's Foreign Secretary Eden threatens further sanctions unless Italy ends war.

APRIL 7—Ethiopia appeals to the League for effective aid against Italy.

British Foreign Secretary Eden at Geneva demands Italian pledge to halt African war.

APRIL 8—Mussolini insists Ethiopian armies be annihilated.

APRIL 9—Italians bomb towns in southern Ethiopia.



WILL IT END LIKE THIS?

—South Wales Echo

THE REALM OF SCIENCE

Biologists' Convention Told of "Fatherless Rabbits"

THE layman interested in science found much to capture his imagination and attention in the reports from the Washington convention of the Federation of American Societies for Experimental Biology.

For almost a week front pages of newspapers carried accounts of seemingly miraculous experiments and advances in the domain of science. City editors with an eye to news value were quick to appreciate the stories of rabbits born of a "mother" which bore no genetic relation to the offspring; of a "lens" through which consciousness could be "measured"; of three poisonous chemicals manufactured in the human body by the tuberculosis germ; of a machine that does for weight what the microscope does for size, and of salamanders that were made to walk backwards.



SEMI-ECTOGENESIS: The paper describing the experiments dealing with the "test-tube rabbits" was contributed by Dr. Gregory Goodwin Pincus, Harvard physiologist who has been identified for many years with efforts to artificially induce mammalian life.

Dr. Pincus removed the female egg from one rabbit, male sperm from another, and proceeded to fertilize the egg in a test-tube. After allowing the fertilized egg to reach a stage of early development, Dr. Pincus transplanted it to a different "mother." The eggs developed normally, receiving the proper nourishment in the right quantities, and in little more than a month

a litter of rabbits was born which bore no relation to the mother.

Satisfied with this experiment, Dr. Pincus decided to carry his work a step further. Extracting the egg from the female, he again placed the ovum in a test-tube. But this time, instead of using the male sperm, he substituted a strong salt solution. Here, too, he met with success.

Seeking to bring about semi-ectogenesis, or a condition in the female which would make the ovum a complete entity of its own, Dr. Pincus found that by heating the egg to 113 degrees Fahrenheit he could accomplish results as good as if the egg were actually fertilized by a male sperm. These eggs, having as their father a high temperature or a salt solution, went through the gestation period in a "mother" rabbit other than that from which the eggs were originally extracted. In cases such as these, however, where the actual male sperm were not present, only female rabbits would be born. A fertilized ovum, in order to be of potential male character, must contain the Y chromosome, one of the twenty-four chromosomes in the germ cells. Since the Y chromosome can only be supplied by the male of the species, it follows that all children born as the result of a salt solution or a favorable temperature will be females.

The prospect of a world in which males would be relieved of their reproductive functions or even eliminated entirely failed to stir Dr. Pincus. "I am not interested in the implications

of this work," he told newspaper reporters.

There were those, however, who were quick to point out that there must be certain implications in a development which conceivably could relieve the human race of practically all the accepted (up to now) formulae for child-bearing.



ELECTRICITY AND NERVES: Consciousness is easier to explain as a condition than by definition. If we are aware of a situation, we say we are conscious of it; if we have sensations of anger, fear, hate, pleasure, satisfaction, or love, we say we are conscious of a certain "feeling." Yet consciousness has always been among the most elusive of life's many mysteries. We have it while awake; surrender it while asleep.

Scientists attempting to actually "picture" consciousness, have developed an instrument which records the force in the form of a flow of current from brain to nerve and from nerve to brain. Reporting on the experiments along this line to the convention, five members of the Physiology Department at the University of Illinois told how, with an electrical device, they were able to observe the consciousness of animals and made measurements of the "consciousness current" as it flowed to and from the brain.

The device was a galvanometer connected to electrodes. One electrode was placed on the animal's cortex (outer layer of brain and seat of intelligence) and another electrode was placed on an exposed sciatic nerve of the animal.

The animal was placed under anesthesia and the galvanometer showed a flow of current from the brain to the nerve. This according to the Illinois scientists, showed that while the animal was in an unconscious state

the cortex was electro-positive to the sciatic nerve.

When the anesthesia wore off the experiments showed that the cortex became less and less electro-positive. Finally, when the animal was restored to complete consciousness, there was a complete reversal of the current. In other words, the current flowed this time from the nerve to the brain.

The amount of current involved was between two and three millionths of an ampere. This current, scientists say, is what is commonly known as consciousness.

Their report says: "It would seem consciousness or unconsciousness is a matter of electrical potential of the cerebral cortex, and this in turn is undoubtedly dependent upon the balance between loss and gain of electric charges passing to and from the brain over the nerve."

The report was presented by Drs. G. C. Wickwire, H. W. Neild, W. E. Burge, O. S. Orth, and W. P. Elhardt.



TUBERCLE BACILLUS: One more step in the long strides science is making to combat the disease of tuberculosis was another significant development of the convention.

Professor R. J. Anderson, of Yale University, reporting on experiments and studies made with the assistance of colleagues over a period of nine years, said that the tubercle bacillus probably produced as many as 350 various chemicals. Actually, he said, 170 chemicals manufactured by the germ had been found and separated. One third of these are believed to have been discovered for the first time.

Only three chemicals of the entire total were found to be poisonous. And these three, produced by the tuberculosis germ, in turn produce the symptoms of the disease. These poisonous chem-

(Continued on page 128)

MARGINAL HISTORY

Sidenotes from the Current Scene of World Events

WHEN the Japanese took the island of Formosa from China following the Sino-Japanese war, an opium monopoly was created for the purpose of "facilitating suppression."

Since the establishment of Emperor Pu-Yi's administration in Manchukuo, the Chinese have protested that the sale of opium has been officially propagated by the Japanese. In the past, China's attitude on the opium question has been similar to the attitude of the American people on the liquor issue, although opium has never been sold openly all over the country. In Japan, the Government strictly prohibits the use of drugs among the Japanese.

Last year the League of Nations Committee on Opium and Narcotics published a full report on the "hideous" nature of the dope traffic in the Japanese State of Manchukuo. Recently the *China Weekly Review* stated that the Japanese have succeeded in obtaining complete control of the North China opium revenues. With the consolidation of North China and the Manchukuo Opium Monopoly, Japan at last will have gained control of the enormous revenues produced by China's chief "cash crop."

On April 3 the League of Nations reported that Japan led the world in the number of factories licensed to make "dangerous drugs for export."

◆ ◆ ◆
A NEW paragraph has been added to the annals of scrambled metaphor. Colonel Starace of the Italian forces in East Africa harangued his troops with the following: "They (the

English). thought they had only to mass a war fleet in the Mediterranean and Premier Mussolini would take off his hat and bow in submission. Instead he reared up like a thoroughbred horse and sent his soldiers into Africa."

◆ ◆ ◆
DR. HUGO ECKENER, famed builder and commander of Zeppelins has been punished for his refusal to endorse the candidacy of Adolf Hitler in the Reich elections. Despite Dr. Eckener's world-wide reputation of mastery in the lighter-than-air-craft, Germany's Minister of Propaganda has forbidden the press to publish pictures or articles or to even mention Dr. Eckener's name.

En route to South America aboard his newest airship, the Von Hindenburg, Dr. Eckener stated his position: "My attitude during the elections was that of a voter and I refused to participate in any kind of propaganda. I expect to retain my post as long as I can be of service to mankind in the development of air travel."

◆ ◆ ◆
SIX years ago in Dedham, Mass., a monument was erected before the local home of the American Legion. A towering stone shaft with a feminine figure holding an olive branch bore the Latin inscription: "Pax Victis."

Recently a local clergyman translated the inscription and astonished the townsfolk with the result. He informed them that during all these years the monument magnanimously had been dedicated to Germany. Instead of "Peace to the Victors" as originally

intended, the inscription read "Peace to the Vanquished."

Dedham has already taken steps that will return the peace to her own boys.

◆ ◆ ◆
IN Russia, the land as well as the air is supposed to be free for public use. Every inch of the soil is the property of the State, and the sale, rental or mortgaging of land is absolutely forbidden by the land nationalization statute.

At the village of Balashoff in the Volga region bright minds inaugurated a snappy business in the sale and rental of land. In each instance the purchaser found himself in the position of the provincial who is alleged to have bought the Brooklyn Bridge or a home-site in Central Park.

◆ ◆ ◆
RESIDENTS of Lowell, Mass., offer humble thanks to the vision of James Bicheno Francis who, eighty-six years ago, constructed an auxiliary guard-lock at the most vital point of the town's canal system. For many years the extra lock had been contemptuously referred to as Francis's Folly. This spring high waters stormed the regular restraining gate and threatened to break through to inundate the town. In desperation, canal company employees, faced with a twenty-six foot wall of water, released Francis's emergency lock. With complete success the alleged product of folly fulfilled the service envisioned by its builder, long dead.

◆ ◆ ◆
RESTATING the historical evaluation of Jewish persecution, Russian Ambassador Troyanovsky says: "The Jewish people and particularly their property have often been used as the scapegoat for turning the attention of the suffering masses from the real causes of misfortune and hardship. The Middle Ages are notorious for

varied explosions of anti-semitism, always to cover up the many political diseases of that time."

◆ ◆ ◆
ENCOURAGING friendship between men is not a universally recognized crime. However, a French editor found it dangerous if promoted among certain groups. He was indicted by the Government for provoking "disobedience and anarchy." He had counseled the French and German soldiers stationed in the Rhineland to make friends.

◆ ◆ ◆
BEFORE an audience of 300,000, Chancellor Adolf Hitler announced that Germany recognized as judges of her actions only herself and God. As the crowd cheered him he added: "The Almighty God is the eternal Judge. He alone has the right to decide what is right and what is wrong, and God's voice is, in this case, the voice of the people."

Editor Julius Streicher substantiated the claims of the Chancellor. "The Grace of God attends the man whom God has given to our people. The grace of God attends our Führer."

◆ ◆ ◆
A MOTHER in Oklahoma seeks to raise money to save her son from the gallows by selling tiny rope nooses.

◆ ◆ ◆
THE world wonders at the feelings of those peasants along the Rhine whose farms were the battleground of yesterday, and a day long before yesterday. One hard-bitten Alsatian veteran of the last war speaks his mind: "Sixteen years is a long time to hold the Germans fifty kilometers back from their own border. So long as they stay there, what can we do? If they cross they will find us here. But there will be no war, at least this year, and nobody in the Rhineland looks beyond that."



Arrest these Enemies

WHAT wouldn't mothers and fathers have given in Colonial days to guard their children against the diseases which today your doctor can prevent?

Three of the scourges which formerly took thousands of lives can be kept under control. Every child, and adult too, can now be protected against smallpox, diphtheria and typhoid fever.

Smallpox has practically disappeared in the States where vaccination is widely practiced. In communities where families ignore this protection, it still smoulders, though protected families are safe.

Diphtheria is rapidly being stamped out by immunization against it. Nevertheless, 3,000 children in this country died of it last year. Have your baby inoculated when he is six months old. A later test will determine whether or not further inoculation is desirable. Then, should diphtheria break out



in your neighborhood, he will be immune.

Typhoid claims comparatively few victims except where suitable sanitary and preventive medical practices have been neglected.

Your doctor can tell you of the means that are used to check epidemics of scarlet fever, whooping cough and measles—and of the vaccines, antitoxins and serums which soften the attacks of these diseases and make the after-effects less damaging.

If, when you were little, you escaped serious consequences from any or all of these diseases, you were lucky. Don't let your child run the same risks. At the time of your child's regular physical examination, the doctor will be able to advise concerning immunization and the building up of resistance against disease.

Send for free copy of "Out of Babyhood Into Childhood." Address Booklet Dept. 536-K.

Keep Healthy—Be Examined Regularly

METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT

ONE MADISON AVE., NEW YORK, N. Y.

©1935 M. L. I. CO.

Speaking of Travel

WHEN spring comes the tourist cannot be far behind. Today his desk is at flood-tide with travel literature; tomorrow he travels.

All winter long he reads glowing reports of the southlands. Financially blessed neighbors write to tell him of the advantages of soft sand and sun over office work-bench and banging radiator pipe. But his tourist philosophy does not permit envy to dominate anticipation. His is the feeling of the ninth man in the batting order; he may be the last to bat but at least he is not quarantined to the foreign grandstand or even relegated to the comparatively friendly players' bench.

And this year, according to a batch of surveys by enterprising travel agencies, the new season in travel points the way to more and better accommodations for the tourist. The whole world, it seems, is anxious to show the tourist its best Sunday clothes. As inducements the tourist is offered comprehensive tours with luxurious accommodations that heretofore were within the price range of only the most fortunate few.

Everybody Travels

That a record number, at least since the Great Flush of '29, will turn Gulliver this spring and summer is the pleasant prediction of the American Express Company, which has just completed an exhaustive study in cooperation with its ninety-eight offices, home and abroad. The peak in travel will be reached during the summer, according to the survey.

It appears that the tourist will choose wisely whether he books passage for foreign shores or decides to

spend his vacation poking about the states. Europe, usually as discordant as a hog-callers' convention, has for once agreed on the wisdom of making attractive bids for tourist trade. At home, drastically reduced rail rates, faster train schedules, and improved facilities offer definite appeal to the domestic traveler.

The situation in Europe is best described by Douglas Malcolm, head of the Travel Service. "As if a league of travel agents were sitting at Geneva," he said, "'tourist Europe' is preparing for its greatest summer—disregarding pacts and the maneuvering of its politicians and map makers."

Germany's place in the tourist sun is assured by the 1936 summer Olympics, and new facilities are being rushed through to completion in order to accommodate an expected record number of visitors, at least as compared to any summer within the past ten years.

Great Britain is holding out one of the choicer travel plums to tourists. Featuring the heralded Shakespeare Dramatic Festival, England will offer almost forty more attractions to tourists than it did last season, a Jubilee year. His Majesty intends to retain London's reputation as the "concourse of European tourist traffic." Elaborate arrangements are being made for the ceremony of the trooping of the colors on the occasion of the King's forty-second birthday, June 23.

La France, too, is sprucing for a banner travel year. Special tourist cards, decreased rail rates, the elimination of the always unpopular "sojourn tax", and additional accommodations promise a peak year for the

(Continued on page 126)

WHERE-TO-GO

HOTEL-RESORT & TRAVEL DEPARTMENT



TRAVEL

This Summer
more than
ever

SWEDEN!

LAND OF SUNLIT NIGHTS

American women are awake to the many advantages of a summer in Sweden for themselves and their children.

More vacationed there last summer than ever before.

The long days of health-giving sunlight—the added time outdoors—the purity of the food—the scenic beauties—historic riches and, above all, the unfailing, kindly and honest Swedish hospitality that greets them everywhere—these are the important reasons why American women are selecting Sweden for their summer holidays.

P.S. By the way, shopping in Sweden is a delight—exquisite bargains in art handicraft.

Ask your travel agent or us for our new
"Lands of Sunlit Nights"

with complete travel detail of delightful journeys in all the Scandinavian countries—a treasure house of vacation guidance.

SWEDISH TRAVEL

INFORMATION BUREAU

630 FIFTH AVENUE Dept. U NEW YORK

Remember—small copy is BIG in Where-To-Go

MASSACHUSETTS

Nantucket BEACH HOUSE Siasconset, Mass.
Island Golf, Surf Bathing, Tennis, etc. All the benefits on land of an Ocean Voyage.

NEW MEXICO

Rancho DE DIAS ALEGRES

Altitude 7400 feet. 16 miles west of Las Vegas, New Mexico, in the Rocky Mountains. The Ranch of Happy Days is a modern Ranch combining Home Comforts with Ranch Activities. Ride Mountain Trails thru Virgin Forest for health and pleasure. Glorious days and COOL SUMMER NIGHTS. Booklet and Rates on request.

FRANK J. TEAGUE, LAS VEGAS, N. M.

TRAVEL ACCESSORIES

Enjoy your trip

Mothersills

Makes "Deck Activities" Enjoyable
And Tea a Welcome Event



VERMONT THOSE GORGEOUS GREEN MOUNTAINS

Unspoiled
VERMONT

ASK

for new, handsomely-illustrated free booklet, "Unspoiled Vermont." A thrilling preview of your 1936 vacation-tour. Scores of eye-filling scenes such as greet you at every turn of the road in this land of mountains, lakes and valleys, gorgeous greenery and famous hospitality. Varied country fun for all the family—described in this free book. Write VERMONT PUBLICITY SERVICE, 47 STATE HOUSE, MONTPELIER, VT.

VERMONT

BASIN HARBOR LODGE On-Lake-Champlain

Christian ownership-management catering to select clientele. Cordial, informal atmosphere. Moderate rates. Hotel and 30 shore cottages. Golf course, tennis, sailing, fishing. Country-life center of social and sport activities. Interesting literature. A. P. BEACH, Host, VERGENNES, VERMONT

SHANTY SHANE A Summer Lodge For Families

Golf, Tennis, Water Sports, Good Cuisine. Booklet. Shanty Shane, Ely, Vermont.

CAMP SKYLAND

SOUTH HERO, VT. On Lake Champlain Tenth Season. Christian Camp for adults and families \$16-\$20 per week. M. K. Norton, Mgr.

Ask Where-to-go Bureau, 8 Beacon Street, Boston, for space & rates in our department

POCONO MTNS., PA.

BUCK HILL FALLS, PA.

Only 3 hours from N.Y. & Phila. to The Inn. 300 fireproof rooms. Golf, tennis, riding, concerts, swimming, movies, dancing, etc. Cool, dry air. Alt. 1400 ft. References exchanged. Write Box 690, Buck Hill Falls, Pa.

The Where-To-Go system influences the people comprising the cream of all Travel prospects

TRAVEL

ORIENT TOUR—First Class, Escorted, Small Party (12), from Vancouver July 11, \$850 up. 17th Year. MEARS TOURS, 3309 Bertrane Avenue, Chicago.

EUROPE—100 WAYS!

From New York—Boston—Montreal—Quebec 20 Days to Ten Weeks—6 Routes

TEMPLE TOURS, 248-A Washington St., Boston

TRAVEL IN

SOVIET RUSSIA

The Open Road, here you behind the scenes. Ten years' experience—Long standing connections with Tourist and other Soviet institutions—Independent representation in Moscow.

THE OPEN ROAD
8 WEST 10th STREET
DEPT. SR NEW YORK



TRAVEL

the American way
to Europe
COMBINES PLEASURE
WITH ECONOMY!

Excellent liners... fares to suit every purse... more than one sailing every week. A voyage you'll enjoy to its fullest... combining delightful days at sea with happy economy. That's what travelers who Sail American are offered on these splendid American ships!

EVERY WEDNESDAY AT NOON TO IRELAND, ENGLAND, FRANCE AND GERMANY

Modern comfort and luxury on the finest ships flying the Stars and Stripes—Washington and Manhattan—for as little as \$172 Cabin Class. \$181 with private shower.

More informal, yet wonderfully comfortable travel on Pres. Harding and Pres. Roosevelt for only \$129 Cabin Class. \$144 with shower.

WEEKLY DIRECT TO LONDON ...FORTNIGHTLY TO COBH AND LIVERPOOL

Lazy, leisurely crossings on "American One Class" liners, where whole ship is yours—for only \$100. Round trip \$185.

Your travel agent will give you further information about any of these American services to Europe—free. Consult him, or

UNITED STATES LINES

No. 1 B'way; 601 Fifth Ave., N.Y.
Other offices in all principal cities

МОСКВА

(MOSCOW)

An ultra-modern metropolis against a back-drop of golden domes, Byzantine towers and the crenelated walls of the Kremlin. The intellectual center of a vast nation of 183 ethnic groups speaking 149 languages and dialects, it is also the center where Russia's vast industrial and social projects are planned.

Add this amazing capital to your European tour this summer; it can easily be worked into your itinerary because it is accessible to the cities of Europe by train, plane and boat.

Also conducted and independent tours of Russia arranged. A special group under American Express leadership will leave New York July 14th on the NORMANDIE.

Request "The New Soviet Travel Guide Book" containing complete information and illustrated, full-page maps.

AMERICAN EXPRESS TRAVEL SERVICE

65 BROADWAY, NEW YORK

"Intourist" Representatives



Pictorial Map of Mexico's BYWAYS



Mailed to You
for ONLY **10¢**

MEXICO Here's the way to make that trip to Mexico even *more* interesting. This large, handsomely lithographed 7 color picture-map, 13x21 inches, will guide you to those fascinating parts of Mexico not reached by tourists.

See the native types in full regional regalia. Study the curious occupations and diversions you'll encounter throughout Mexico, including Uruapan, Lake Pátzcuaro, Guanajuato, Jalapa, Puebla, Oaxaca, Tehuantepec, etc., etc.

Simply write your name and address on the margin of this advertisement, enclosing 10 cents in stamps or coin.

Descriptive travel-folder gladly mailed on request. **NATIONAL RAILWAYS of MEXICO**, Alamo National Bldg., San Antonio, Tex.

(Continued from page 122)

country's program of tourist theatricals, pilgrimages, fairs, and passion plays.

Italy is going premium conscious this year, offering hotel and gasoline coupons to tourists in addition to establishing a favorable rate of monetary exchange. At the present values a pound will bring ninety-five lira in Italy this year and Americans can exchange a dollar for nineteen lira.

A "popular train" program for tourists has been planned by Poland, which contemplates making the railroads more comfortable for tourists' needs "instead of using them as heretofore merely for mass transportation." Tickets on the popular trains will include stop-overs, food, lodging, and usual incidentals.

Hungary's strongest bid for tourist recognition will come with the "June Festival Weeks." An open-air opera is planned on the historic estate of Count Esterhazy at Tata, while in Budapest and other cities the travel season will be ushered in with colorful fêtes. The tourist trend toward Hungary was in evidence last year when a one hundred percent increase over 1934 was recorded.

Tourists who plan to motor about the Balkans will find a new highway ready for them in the form of the new Trans-Europe Motor Road No. 1. New hotels are planned along the route, reports M. L. Vidmer, manager of the Travel Service, and two new bridges are in process of being built at the international road near Novisad. In Belgrade, the new Prince Paul museum has just been opened, housed in the converted Royal Palace. The new museum will have on exhibit a valuable collection of art treasures, a large proportion of which have been donated by Prince Paul of Yugoslavia.

Part of Russia's extensive tourist program this summer will see a new hydroplane passenger service connect-

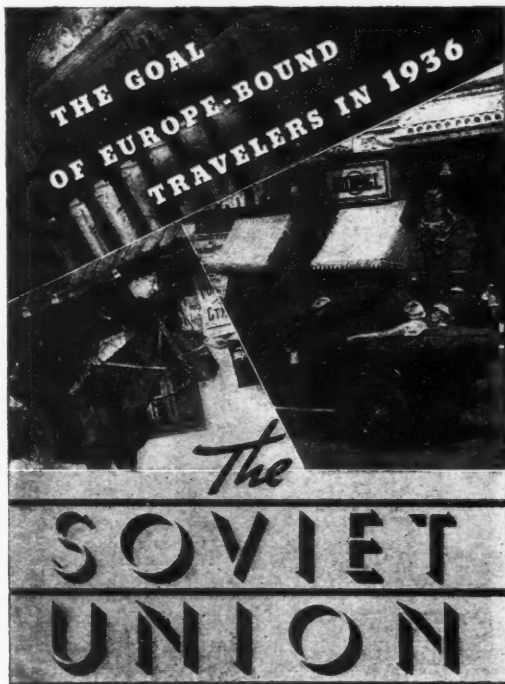
ing the Black Sea Coast resorts from Batum to Odessa to include the Crimean peninsula. Russia has long boasted of the beauty of the palaces and beach resorts in Crimea; of the orange groves and plantations of Batum, and tourists who visit the U.S.S.R. for its scenic beauty will find the view from the air more than pleasing.

Aga Kahns are said by their people to be worth their weight in gold, and this year tourists will be able to witness at the Jubilee in Bombay the traditional ceremony in which the Aga Kahn is weighed against gold. But those who expect to see 150 or 200 pounds of gold balance the Aga Kahn will be surprised to observe that the Indian people believe that 25,000 pounds are necessary to balance the scale. For such is the esteem in which the Aga Kahn is held by his people. After the weighing, the gold will be distributed to the poor.



Ninety-seven ocean liners, almost an all-time high, will provide a complete tourist service for the transatlantic. The majestic presence of the *Queen Mary* brings to a total of four the Atlantic's top-ranking luxury liners. Only a few short years ago the *Europa* and the *Bremen* divided leading laurels. Then came the *Normandie*, now hesitant to relinquish any honors of size or weight to the *Queen Mary*.

With foreign shores painting such pleasant (and inexpensive) pictures for the American tourist, Uncle Sam and his Canadian neighbors have something of an attractive program themselves to keep this side of the fence free from too much tourist depopulation. The National Parks are getting ready to accommodate almost thirty percent more tourists than last year as the result of new park extension facilities.



● Going to Europe this Summer, you will want to see for yourself the much talked about progress being recorded in the world's largest country and by its 175 million people. If time presses, a few days in Moscow and Leningrad will reward you with vivid impressions of a rejuvenated people and their works; longer stayers can cruise down the Volga, cross the mighty Caucasus, sail along the Black Sea Riviera, recreation in lovely Crimea. Theatre enthusiasts will be glad to know that the Theatre Festival will occur for the fourth time in Moscow and Leningrad September 1 to 10. Fast air, train and boat connections put the metropolitan centers of European U. S. S. R. within easy reach of more western continental cities . . . Moderate all-inclusive rates on tours ranging from five to thirty-one days are \$15 per day first class, \$8 tourist and \$5 third. These include hotels, meals, transportation on tour, daily sightseeing by car and trained guide-interpreters. Travel incidentals on the basis of the dollar-rouble exchange are purchasable at moderate prices. In-tourist will be glad to send on request its 22" x 16" colored map of the U. S. S. R. and Europe as well as illustrated booklet Z-5.

APPLY TO YOUR TRAVEL AGENT



(Continued from page 118)

icals were classified respectively as acid, sugar, and protein—all belonging to certain types. The poison acid, named phthioic by Dr. Anderson, was sufficiently powerful to produce tubercles but could not itself cause the disease without the continuous manufacture by the germ of the sugar and protein. The sugar, known as dharabinose, when manufactured by the tubercle bacillus, joins with other sugars and in turn produces a poisonous chemical that can aggravate a tubercular condition.

Another important isolated chemical is said to enable the tuberculosis germ to "breathe."



CENTRIFUGE: Wilmington, Delaware, home of the duPonts and cellophane, is experimenting with a new centrifuge which may or may not help clear the way for a number of new commercial products, each of which may be just as ingenious (and saleable)

ANNOUNCEMENT



CURRENT HISTORY is accepting applications at this time for district representatives throughout the country to look after the magazine's numerous new and renewal subscriptions. The positions available are for part-time only.

Previous experience, while helpful, is not essential. Applicants are required to furnish indications of their responsibility and integrity. Necessary materials will be supplied by the magazine. For complete details, write to

CURRENT HISTORY

63 Park Row

New York, N. Y.

as the famous "folding paper glass."

This machine, according to duPont chemists, might be called a "microscope for weight." Through specially constructed cells and the introduction of coloring fluid, the chemists were able to observe molecules in a solution whirling around on the centrifuge disk at a speed of 60,000 revolutions a minute.

Centrifuges are not new to either science or industry. They are used widely for the purpose of separating heavy from light particles of a mixture. The duPont machine, however, not only separates the particles but permits them to be observed, photographed, and even measured. But more than ten years ago a Swedish scientist and Nobel Prize winner, Svedberg, conceived the principle of such a machine.



LOCOMOTION IN REVERSE: More important than the disclosure that salamanders can be made to walk backwards by reversing the forelegs is the report by Professor Paul Weiss of the University of Chicago of progress made in the knowledge of the association between muscle and brain.

As the result of experiments by which he was able to reverse the locomotion on a salamander by transferring right and left forelegs, Dr. Weiss was convinced that each muscle was connected with the central nervous system in such a way that when the nerves and muscles were reversed the result would be the opposite of the normal. The experiment indicated, he said, that the association between the brain and the muscle was not one in which experience and education played the only rôle, but one which was inherent in the nature of the organism itself.

STAMPS

SWEDISH PARLIAMENT SET OF 3, Queen Astrid Stamp of Belgium and 10 other good stamps 5c. with Approvals. A. T. BARNES, BOX 215, PLAINFIELD, N. J.